

MISSOURI COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

FY-2004 APPLICATION AND GUIDELINES

Introduction: Enclosed are the application and guidelines for the FY-2004 Community Development Block Grant (CDBG) Program. This application shall be used to apply under the following categories:

| <u>Application Category</u> | <u>Deadline</u> |
|---|---|
| Architectural Barrier Removal (ADA) | Open year round |
| Bridge, Street, and Drainage | June 15, 2004 |
| Community Facility | March 15, 2004 |
| Downtown Revitalization | Open year round |
| Innovative | Open year round |
| Microenterprise Program | Open year round |
| Neighborhood Development (target area, demolition) | May 15, 2004 |
| Rural Affordable Housing RFP | August 15, 2004 |
| Open Cycle Housing | Open year round |
| Water and Wastewater | Open year round (requires preliminary project proposal recommendation) |
| W/S Engineering Feasibility Grant | April 15, 2004 |
| W/S Eng. Facility Plan/Plans & Specs Grant | Open year round |

Deadlines that fall on a Saturday must be postmarked by the Friday before, and deadlines that fall on a Sunday must be postmarked by the following Monday.

Planning: The State has consulted with local officials on many occasions since 1981, and policy revisions in the program reflect the desires of local officials and citizens. Between November 12 and 19, 2003, the State conducted six public hearings to obtain comments on the State's Consolidated Plan, which contained the proposed one-year action plan for the fiscal year 2004 CDBG program. Citizen comments were taken into consideration in the development of these guidelines, and a **final** Action Plan for FY-2004 of all program rules and policies will be available for public distribution after February 1, 2004.

Application Process: These application guidelines are printed in a step by step process for the benefit of the cities and counties seeking financial assistance. Please review the guidelines in their entirety prior to application.

- STEP 1: DETERMINE NEEDS
- STEP 2: REVIEW ELIGIBILITY AND CDBG REGULATIONS (General and Specific)
- STEP 3: SELECT GRANT WRITER AND PRELIMINARY ENGINEER/ARCHITECT
- STEP 4: REVIEW ADMINISTRATOR AND ENGINEER/ARCHITECT PRE-SELECTION PROCESS (OPTIONAL)
- STEP 5: COMPLETE PROJECT BUDGET PACKAGE
- STEP 6: CONDUCT PUBLIC HEARING
- STEP 7: DISCUSS PROJECT WITH CDBG STAFF

STEP 8: COMPLETE AND SUBMIT APPLICATION

STEP 1 – DETERMINE NEEDS

Needs Assessment: Discuss with your governing body, department heads, and citizens what the priority public facility/public project/housing needs are in your community. It is preferable, but not required, to have a Capital Improvement Plan, which identifies the needs of the community, and methods of financing those needs.

Citizen views on community needs must be solicited during the required public hearing and at any subsequent meetings in order to complete the Needs Assessment. The Needs Assessment contains sections that must be completed using public opinion, and those that may be completed using census data. The method used to stimulate enough public opinion to generate and compile a majority of the public is up to the community to determine. Please recognize special interest groups and continue to generate input from other sources.

Obviously, generating public participation and public opinion will require different approaches in different communities. There is no required percentage of participation from the public, and there is no required number of “meetings” that must be conducted to seek input. The applicant must be satisfied with the level of input and that the document accurately portrays a consensus of public opinion.

Public perception of the needs may differ from the needs identified by the governing body, the engineer, the grant administrator, the state, and/or the federal government. The assessment should not be altered or skewed to reflect the particular project. Rather, it should be used as a preliminary planning tool.

If the community has a written, adopted, current community plan, it may be substituted for the needs assessment. It does not replace the need for the public hearing.

Determine Jurisdiction: Once your need is identified and the proposed project begins to form, the community must look at jurisdictional boundaries appropriate to the project. If the project extends beyond a city’s boundary, then an application may have to be multi-jurisdictional. There are specific up-front requirements for multi-jurisdictional applicants. Please refer to those instructions in this guideline.

Determine Responsibility/Ownership: Ownership and responsibility are factors that must be examined by a community applying to the CDBG program. Does the unit of local government own or operate the facility or infrastructure or will the application have to be made “on behalf of” another subrecipient entity? Eligible entities, for which a city or county may sponsor an application, include other political subdivisions, organized districts, non-profit organizations, or, in some cases, for-profit businesses. Also, an applicant (or sub-applicant) must have legal jurisdiction to operate in (or serve) the proposed project area (or beneficiaries).

When more than one government is involved in the same application an intergovernmental agreement must be executed prior to application submittal. When a government sponsors an application on behalf of a not-for-profit, or other eligible non-governmental agency, a grantee/sub-grantee agreement must be executed prior to application submittal.

PLEASE NOTE: Prior to initiating the application process, please determine your eligibility status. Any grantee with a delinquent audit for any year, whether or not the grant is closed, is ineligible to apply for funding. This applies to all CDBG categories. The exception to this is for those counties that have delinquent audits, but are audited by the State Auditor's office. Also, a grantee with any open project awarded prior to March 15, 2002, which is not closed by March 15, 2004, is ineligible to apply in any FY-04 funding category. **All documentation necessary for closeout must be received by March 1, 2004.** This may apply to the grantee or the on behalf of applicant(s), whichever is applicable.

STEP 2 – REVIEW ELIGIBILITY AND CDBG REGULATIONS – General

Once the priority project has been identified, and it is determined that additional financial assistance is necessary, the community must determine if the project meets the minimum criteria of the CDBG program. The following eligibility criteria and regulations are related to all of the categories of funding by CDBG. The second half of Step 2 itemizes the eligibility criteria specific to each category.

National Objective

First, apply the project to a National Objective:

- a) The project beneficiaries are at least 51% low and moderate income;
- b) The project eliminates slums and blight;
- c) The project meets an urgent threat to health and safety. **

** There is a separate application for emergency projects.

a) 51% Low and Moderate Income

Here, at least 51% or more of the persons **and** families benefiting must be low and moderate-income (LMI) for public projects and public facilities and 100% LMI for housing activities. LMI can be determined by HUD census data or by conducting a survey. Only those households that receive a direct regular relief from the identified need, which is being addressed in the application, can be considered “benefiting” under this rule.

- 1) To be counted as a beneficiary of a project, LMI documentation must be obtained.
- 2) For every separate activity funded under the same project, there must be 51% LMI or slum and blight achieved.
- 3) For the purposes of determining eligibility, all persons and families must be counted. For the purposes of determining the amount of CDBG funding, all households must be counted.
- 4) For residential care facilities or nursing homes or group homes that may benefit from a particular project, a survey must be conducted in order to count persons and families. Please treat any related persons as one family since they still meet that definition. If the home has income eligibility guidelines that match or are stricter than CDBG, then a survey need not be conducted; (Note the difference between calculation for national objective with persons and families versus the calculation for financial benefit. One household, regardless of the numbers of families, will justify only one hook-up and one \$5,000 benefit.)
- 5) A project may not be designed to benefit moderate-income persons to the exclusion of low-income persons.
- 6) HUD’s Section 8 program income guidelines (as modified by the Housing and Community Development Act of 1987) shall be used to define low and moderate-income for the CDBG Program. The annual income limits are available by request from CDBG. If HUD has not published the applicable year’s limits, then the community may use the previous year in order to begin the survey work. (New limits are usually available in January.)
- 7) “Income” should be viewed as a family’s total adjusted gross income. Any person that belongs to an LMI family is considered an LMI person. Request a copy of the direct beneficiaries IRS Form 1040 or other equivalent income statements.
- 8) To calculate the LMI percentage, divide the number of LMI persons by the total number of persons benefiting; and divide the number of LMI families by the total number of families benefiting. Both calculations must equal or exceed 51%. You may not round up to achieve 51%. The HUD census data is only available in the number of LMI persons. Therefore, in order to arrive at the correct number of LMI families, divide the number of persons by 2.48, which is the state average household size.

- 9) If you choose to survey for eligibility, there are three categories of income to report: 80% of the county's median income; 50% of county's median income; and, 30% of the county's median income. **Eligible persons and families are all those below 80% of median income.** The terminology may differ for the three categories but the percentages are the same. You may see: moderate-low-very low; or low-very low-extremely low; or low-very low-30% of median. It is important to distinguish the categories for the reporting purposes and not to eliminate any from the survey instrument sample.
- 10) It is the activity that will often provide the indication of who benefits. The availability of exact census data will determine whether census or survey may be used. In the CDBG program, an applicant determines the project to be either: **area-wide benefit; or a target-area benefit.** Secondly, the applicant indicates the method of LMI eligibility: **census; survey; job-creation; or, limited clientele.**
- 11) The application may be an **area-wide benefit** if the activity benefits an entire city, county, township, or enumeration district, either 2000 census data or survey may be used to determine LMI benefit. Please note that the census data provided by HUD sometimes differs from the U.S. Census Bureau in terms of income and the total number of persons and families in a given area. DED may only accept the HUD data as valid.
- 12) If the activities proposed in an application only benefit a portion of the community, then a **target-area benefit** would be relevant. Most often, surveys are required to gain eligibility here. Census data by tract or block group may be used if the beneficiaries exactly match the tracts or block groups (and the entire block group data must be used). Contact CDBG at (573) 751-3600 to request assistance with **census** information.
- 13) If an application has one activity that benefits the entire community (such as water or wastewater treatment) and another activity that benefits only a section of the community (such as water distribution or wastewater collection) then the treatment activity must represent the majority of the project costs in order to use an area-wide benefit with census data.
- 14) Census and survey information may not be mixed to achieve eligibility. However, if a project benefits an entire community, plus additional persons outside the city limits, census data may be used for the residents of the community (if it exceeds 51%) and a survey may be conducted for those outside the city limits. The survey must also achieve 51% LMI independently in order to qualify the project.
- 15) **Surveys** are used to apply accurate information to an area that is not covered by census information, or to provide updated information to an area that has changed in the number of persons and their income level during the decade for which the census is valid. There is a methodology applied to surveys intended to support CDBG eligibility and there is a time limit in which those surveys may be valid.
- 16) Surveys conducted prior to January 1, 2002 are valid only for applications invited or submitted under deadlines prior to March 15, 2004. Any application invited or submitted on or after March 15, 2004 must have had a survey performed after January 1, 2002. Please note: The survey response percentage is 80%.
- 17) Surveys must solicit 100% of the proposed beneficiaries.
- 18) There are three acceptable methods to survey: door to door, which should involve trained personnel, where the survey is conducted at the residence by an interviewer. Techniques of not introducing bias into the survey should be used including question wording; probing to obtain clarification, and recording responses accurately. Modified door-to-door includes hand delivery of the survey but the task of completion is left to the resident. The deliverer may either wait or make arrangements to pick the survey up at a later date. Or, the survey may be made via the mail.
- 19) Telephone surveys are not acceptable.
- 20) The survey instrument and tabulation sheet is made available to the applicant by CDBG. Please contact with CDBG prior to any modifications of the document. **CAUTION:** A survey not properly implemented will result in either point deductions or ineligibility due to not meeting a national objective.

- 21) Meeting eligibility through **job creation** requires 51% of all jobs created by the project to be offered to and held by LMI persons. The total number of jobs created is directly related to the amount of CDBG assistance requested and is computed on a per job basis. For the purposes of this application, job creation is only relevant to Microenterprise, and some Downtown Revitalization. **Employee Survey:** An Employment Status Statement is to be used to determine LMI status. The Business must survey each person hired. In addition, the Business is required to provide the ethnicity characteristics of all job applicants. The Business may utilize the Employment Status Statement as a method of collecting this data. The employee must sign the surveys, and the employee must be willing to verify his/her family income upon request of DED, HUD, or the Applicant. The survey is voluntary and confidential; however, all surveys not completed will be assumed to be from non-LMI persons. The Business is responsible to administer the surveys and provide the completed surveys to the Applicant and DED.
- 22) **Limited Clientele persons** (or groups of persons) are presumed to be principally LMI, according to HUD. These include: abused children, battered spouses, elderly persons (age 62 and over), adults meeting the Bureau of the Census' definition of severely disabled, homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers. The disability data used for limited clientele are "persons with a mobility or self care limitation". This data is broken into persons age 16 to 64 and 65 and older. The data for both age groups must be added together in total. Do not use the data for "persons with a work disability."
- 23) **Limited Clientele projects** are those that exclusively serve a group defined as limited clientele. If this criterion is met, then no further LMI documentation, either by census or by survey is necessary. If the project is not exclusive or designed for only that group or groups, then LMI eligibility must be proven.
- 24) Typically, LMI benefit is proven prior to the application submission but sometimes a **post-award survey** may be implemented. Permission for this type of survey is required from DED prior to submission of application. This type of eligibility standard is usually applied to job creation activities, but it has also been used for unique community facility or innovative projects. The decision is made as a joint effort with CDBG staff and follows careful evidence that the service is necessary to serve a low-income population that does not necessarily meet an area benefit or a target-area benefit. The post award survey requires an income certification from each of the proposed beneficiaries. This certification requires name, address, and signature from each beneficiary.

b) Elimination of Slums and Blight

To prove this HUD national objective, an applicant must propose one of three different methods.

1. The **first** method includes the State of Missouri's CDBG program designation of spot slum and blight. "Spot" slum and blight occurs when a house is determined to be infeasible to rehabilitate. A house is considered infeasible to rehabilitate when it cannot be brought to DED Health and Safety Standards for \$15 per square foot or for less than \$15,000.
2. The **second** method occurs when a building of any kind is determined to meet the definition of a dangerous building as defined by a city ordinance, consistent with Missouri State Law. This requires that a city has formally adopted a dangerous building ordinance. This method will also meet the spot slum and blight national objective.
3. The **third** method includes submitting a resolution passed by the governing legislative body declaring the area blighted in accordance with RSMo.353. As stated in Chapter 353, the definition of *blighted area* reads as follows:
 "Blighted area" shall mean that portion of the city within which the legislative authority of such city determines that by reason of age, obsolescence, inadequate or outmoded design or physical deterioration, has become an economic and social liability, and that such conditions are conducive to ill health, transmission of disease, crime, or inability to pay reasonable taxes.

To meet this definition, there must be a substantial number of deteriorated or deteriorating buildings or the public improvements must be in a general state of deterioration. The assisted activity must address one or more of the conditions that contributed to the deterioration of the area. Accordingly, a deteriorated building, proposed for demolition, is defined as one that has a minimum of three major deficiencies, such as structural, electrical, plumbing, etc or is determined infeasible to rehabilitate as defined in No. 1 above; or meets the local dangerous/unsafe building ordinance criterion; or the redevelopment authority has followed the condemnation procedures of RSMo. Chapter 353.

The designation of the slums and blighted area, approved by the local legislative body and certified by the chief elected official, must identify the following items:

- a. The specific boundaries of the designated area with an attached map depicting the area.
- b. The buildings and homes in the designated area that are deteriorated as defined above.
- c. The specific details of the public improvements that may be proposed for the designated area with a map illustrating the improvements (if applicable).
- d. All other conditions that might qualify the area as blighted as defined above.

This third definition is for the purpose of meeting the slums and blight national objective on an area basis. Please note that an area designation of blight is not to be interpreted as meaning that each and every structure in the designated area qualifies as blight.

Projects funded under the slum and blight national objective are limited to those activities eliminating the blight unless the future use of the structure meets another national objective.

c. Urgent Threat to Health and Safety

There are no CDBG funding categories in this application that will accept the use of this national objective. The Urgent Threat to Health and Safety is reserved for the Emergency category and a separate application is used. The criteria for this national objective is contained in that application.

Categories of Funding

Second, establish the appropriate category in which to apply and determine whether your budget is consistent with the application maximum and minimum as well as the per-household beneficiaries established.

| Program | Minimum | Maximum |
|--|--------------------------------|--|
| a. Water and Wastewater Engineering feasibility study grants Eng. facility plan/plans & specs grants | \$10,000 \$5,000 \$5,000 | \$500,000 or \$5,000/household \$20,000 maximum 80% of amount equal to ASCE table, not to exceed \$50,000 |
| b. Community Facility | \$10,000 | \$300,000 or \$5,000/household |
| c. Bridge/Street/Drainage | \$10,000 | \$400,000 or \$5,000/household |
| d. Neighborhood Development | | |
| Housing Rehabilitation, target area | \$50,000 | \$500,000 or \$21,000/household or \$15,000/household if no identified or assumed lead hazard |
| Demolition only | \$25,000 | \$125,000 (at least 5 demos must be addressed) |
| Lead-based paint evaluation | N/A | \$600/unit |
| Substantial reconstruction | N/A | \$25,000/unit |
| Home ownership, new housing | N/A | \$25,000/unit |
| Home ownership, existing housing | N/A | \$5,000/unit |
| Rehabilitation inspection | N/A | \$850/unit |
| Demolition inspection | N/A | \$425/unit |
| Rural Affordable Housing RFP | N/A | \$200,000 |
| Open Cycle Housing (includes scattered site housing) | N/A | \$200,000 |
| e. Innovative | \$10,000 | \$250,000 or determined by applicant/household |
| f. Downtown Revitalization | \$10,000 | \$400,000 |
| g. Microenterprise | \$10,000 | \$100,000 or \$15,000/job |
| h. ADA (Americans w/ Disabilities Act) | \$10,000 | \$250,000 or \$5,000/household |
| i. Emergency | N/A | \$500,000 or \$5,000/household |

Eligible Applicants/Sub-applicants and Multi-jurisdictional applications

Third, assure that you are either an eligible applicant or sub-applicant. The state may only, by Federal law, distribute CDBG funds to “units of general local government” in non-entitlement areas of Missouri, which are incorporated cities, counties, and villages. Other political subdivisions or non-profit corporations may be sub-applicants and are required to gain a sponsorship from a city, county or village. Businesses and for-profit entities may be the recipient of CDBG funds under certain circumstances.

- 1) Cities and counties in Missouri that are in the HUD "entitlement" program, and are not eligible for "non-entitlement" funds distributed by the State include: Columbia, Florissant, Independence, Jefferson City, Jefferson County and the cities within Jefferson County who have elected to participate in the County entitlement programs, Joplin, Kansas City, Lee's Summit, O'Fallon, Springfield, St. Charles, St. Joseph, St.

Louis (city), St. Louis County, and the cities within St. Louis County who have elected to participate in the County entitlement programs, which include the following: Ballwin, Bella Villa, Bellefontaine Neighbors, Bellerive, Bel-Nor, Bel-Ridge, Berkeley, Beverly Hills, Breckenridge Hills, Brentwood, Bridgeton, Calverton Park, Charlack, Cool Valley, Country Club Hills, Dellwood, Edmundson, Ellisville, Eureka, Fenton, Ferguson, Flordell Hills, Glen Echo Park, Glendale, Greendale, Hanley Hills, Hazelwood, Hillside, Jennings, Kinloch, Kirkwood, Mackenzie, Maplewood, Maryland Heights, Moline Acres, Normandy, Northwoods, Norwood Court, Olivette, Overland, Pagedale, Pasadena Hills, Pasadena Park, Pine Lawn, Richmond Heights, Riverview, Rock Hill, St. Ann, St. John, Sycamore Hills, University City, Uplands Park, Valley Park, Velda Village, Velda Village Hills, Vinita Park, Vinita Terrace, Webster Groves, Winchester, and Woodson Terrace.

- 2) In determining the eligible sponsor of an "on behalf of" application, the applicant must be addressing its own community development needs. Otherwise, the application is ineligible. Agencies having members appointed by the mayor/council or county commission are not considered part of the city or county, therefore, must be represented in an "on behalf of" application. If a city or county submits an application on behalf of a non-profit corporation, proof of the non-profit status must be included with the application. This proof normally comes in the form of a letter of good standing from the Secretary of State's office designating the entity as a not-for-profit corporation.
- 3) **An intergovernmental agreement or grantee/sub-grantee agreement**, which specifies decision-making authority, administration, contract compliance, reports, etc., must be executed prior to the submission of an application. In all instances, the city or county, as the State's grantee, has final responsibility for the project implementation and compliance. The city or county must retain financial responsibility, and the required audit will be of the grantee (city or county). Article VI, Section 16 of the Missouri Constitution and RSMo 70.210 - 70.320 should be reviewed in such cases.
- 4) **Other political subdivisions** may include organized districts formed under the state statutes. Any district sponsored by a city or county must have **legal jurisdiction to serve the area** proposed in the application prior to the submission of the application. Cities and counties may have "annexation" as a contingent item for funding, but not-for-profits and political sub-divisions may not.
- 5) **Multi-jurisdictional applications** are necessary when a project benefits persons outside one jurisdiction. All of the jurisdictions benefiting must participate in the application process.
 - a) Selecting the **lead applicant** may either occur by choosing the location where the majority of beneficiaries lie, or by choosing the location where the construction or majority of construction is taking place.
 - b) The **public hearing(s)** must either be advertised in a large enough manner to reach all of the potential beneficiaries and scheduled for a place that is central and easy to access, or must take place in each jurisdiction using separate notices and sites. If only one hearing is convened, then a public official from each jurisdiction must be in attendance in order to respond to questions from their constituents.
 - c) The **needs assessment** document may be reported as one regional document or separate documents according to the desires of the jurisdictions.
 - d) All applications received that are multi-jurisdictional must contain the following originally signed forms from **each jurisdiction**: Civil Rights forms; Statement of Assurances; Resolution; Section 3; Disclosure Reports; and Anti-Lobbying. Residential Anti-displacement forms must be submitted signed by each jurisdiction where acquisition and construction may occur.
 - e) All multi-jurisdictional applications must include inter-governmental agreements.
- 6) Eligible applicants or sub-applicants may apply for specific projects that benefit, or are operated in conjunction with, **for-profit businesses or developers**. In most cases, the applicant or sub-applicant will convert the grant to a loan when providing assistance to a project involving a for-profit business or developer.

Eligible Activities:

Fourth, select only eligible activities. Section 105(a) of the Community Development Act and HUD regulations specified the activities that are eligible for CDBG assistance. A general listing of eligible activities is below, and a detailed description is provided in 105(a) of the Act and in 24 CFR 570.482. While all activities may be eligible, some program categories may prioritize the funding of some activities.

- | | |
|--|--|
| 1. Property Acquisition | 35. Administration |
| 2. Property Disposition | 36. Engineering/Design |
| 3. Property Clearance/Demolition | 37. Housing Rehab Inspection |
| 4. Architectural Barrier Removal | 38. Engineering/Construction Inspection |
| 5. Senior Center | 40. Audit |
| 6. Community Facilities | 41. Port Facility |
| 7. Centers for the Handicapped | 42. Airports |
| 8. Historic Properties | 43. Natural Gas Lines |
| 9. Water Treatment | 44. Electrical Distribution Lines |
| 10. Sanitary Sewer Collection | 45. Rail Spurs |
| 11. Storm Sewers | 46. Lighting |
| 12. Flood and Drainage Facilities | 47. Other Professional Services |
| 13. Streets (or Roads) | 48. Security Fencing |
| 14. Street Accessorie s | 49. Site Preparation |
| 15. Parking Facilities | 50. Purchase Land/Building |
| 16. Bridges | 51. Facility Construction Renovation |
| 17. Sidewalks | 52. Machinery/Equipment |
| 18. Pedestrian Malls | 53. Working Capital |
| 19. Recycling or Conversion Facilities | 54. Sewage Treatment |
| 20. Parks and Recreation Facilities | 55. LDC New Housing Construction |
| 21. Fire Protection/Facility Equipment | 56. Legal |
| 22. Solid Waste Disposal Facilities | 57. 911 Emergency Systems |
| 23. Other Utilities | 58. HOME Program Rental Rehabilitation |
| 24. Public Service/Supportive Services | 59. HOME Program Owner Rehabilitation |
| 25. Rehabilitation of Private Residential Properties | 60. Homeowners Assistance- to purchase existing homes, up to \$5,000 each |
| 26. Rehabilitation of Public Residential Properties | 61. Lead-Based Paint Evaluation |
| 27. Payments for Loss of Rental Income | 62. Asbestos Removal |
| 28. Relocation | 63. Job Training* |
| 29. Code Enforcement | 64. Home-Ownership Counseling |
| 30. Energy Use Strategy | 65. Substantial Reconstruction of private residential properties on same lot |
| 31. Non-Federal Share Payment | 66. Water Distribution |
| 32. Interim Assistance | 67. Lead Reduction NOT incidental to Rehab |
| 33. Planning | 68. Asbestos Inspection |
| 34. Commercial or Industrial Facilities | |

*Job training activities must be: 1) approved by Job Development and Training or the Private Industry Council, and 2) be related to training for the jobs related to regional cluster developments.

Ineligible Activities are as follows:

- a. Maintenance or operation costs.**
- b. General government expenses.

- c. Political activities.
- d. Improvements to city halls and courthouses, except those required to meet the Americans with Disabilities Act. Note: CDBG funds used for ADA projects may only convert existing facilities to accessibility. CDBG funds may not be used to add new facilities.
- e. Purchase of equipment, except for fire protection, public services, landfills, or recreation.
- f. Income payments, except for loss of rental income due to displacement.
- g. Application preparation costs or a bonus award for writing a successful application.
- h. Religious purposes.

**** Maintenance and Operation Costs:** Any cost that recurs on a regular basis (generally, less than five years) is considered a maintenance or operation cost, therefore ineligible for CDBG assistance. It is the responsibility of the applicant to provide these revenues from user fees or taxes. Additionally, if such maintenance or operation revenues are not sufficient to adequately support a facility or service assisted by CDBG funds, the project will not be awarded. The determination whether such revenues are sufficient will be made by the applicant's professional engineer, the Department of Natural Resources (for related projects), and/or DED. The preliminary engineering report required for all public works projects should discuss the revenues available for operation and maintenance of the facility or service.

General applicant compliance:

Fifth, assure that your application is consistent with the general compliance necessary for CDBG.

- 1) **Applicable Laws, Regulations, and Executive Orders:** Applicants must comply with all applicable state and federal laws, including but not limited to, statutes prohibiting discrimination against persons because of race, color, religion, sex, national origin, disability, and age. These laws, included in the Statement of Assurances, require non-discrimination in the design, construction, and operation of the program. By signing the Statement of Assurances, applicants agree to abide by all applicable laws. Pursuant to federal guidelines, future CDBG funds may be denied to any applicant who uses CDBG funds in a way, which violates any of the above laws or any law included in the Statement of Assurances as detailed in the application process.
- 2) **Contingent Funding:** If an applicant (other than specifically noted housing, community facility, or innovative categories) proposes other state, federal, local or private funds, or any other contingency item, which are unconfirmed at the time of application, they will be ineligible for FY-04 funds. The only exceptions are bond elections or tax credit donations. Applicants should notify DED of election results within a week of the election. If election fails, the application will be withdrawn from the consideration. Contingencies include, but are not limited to, the formation of districts, intergovernmental agreements, purchase agreements, annexations, bond elections, RD, EPA, DNR, or Federal Highway funds.
- 3) **Acquisition and Relocation Regulations: Uniform Act:** All project related acquisitions are subject to the requirements of this regulation no matter what source of funding is actually used for the acquisition activities. However, all project acquisitions that are completed prior to the application public hearing are not subject to the Uniform Act requirements. **Section 104d Anti-displacement Act:** This regulation governs the use of CDBG program funds and emphasizes the anti-displacement of households. However, if displacement is necessary to carry out the project, relocation assistance must be offered to persons displaced by rehabilitation, private acquisition, demolition, and the conversions of units to uses other than low-to-moderate income dwelling units. Grantees will be required to replace every occupied unit, or one that has been occupied within the previous 12-month period, that is demolished or converted with CDBG funds. This replacement must be conducted on a one-for-one basis within three years. Government-assisted units may be used as replacement units. An exception to the one-for-one rule is available where it is determined that an adequate supply of habitable, affordable LMI units exist in the grantee's jurisdiction. Applicants are required to submit a plan that meets the anti-displacement requirements of Section 104(d). An applicant should contact DED for clarification of the regulations if further information is needed.
- 4) An applicant should be generally familiar with the regulations that the State and Federal governments have attached to the program, which must be complied with if your project is awarded CDBG funds. The rules include **procurement, labor standards, civil rights, fair housing, environmental review, financial recordkeeping and reporting, property acquisition, , and contract management.**
- 5) **Closed Records:** Section 620.014, RSMo, provides that records and documents, submitted to DED or other public entity, relating to financial investments in a business, sales projections or other business plan information, which may endanger the competitiveness of a business, may be deemed a *closed record* as such term is defined in section 610.010, RSMo. Income documents and records from direct beneficiaries are also considered closed records.
- 6) **Penalties for Non-Compliance:** Section 620.017, RSMo, states that DED must require any entity, which receives financial assistance from one of its programs, to use the proceeds solely as required by the program, and any recipient who fails to comply with any requirement shall return any remaining proceeds to DED, and any proceeds expended shall be repaid to DED. Specifically for projects using job creation, the Participation

Agreement states that in the event the required New Jobs are not achieved, the pledged capital investment is not expended, or that less than 51% of the New Jobs are LMI, DED will require full or pro-rated payment of the grant, plus penalties of 10% annual interest accrued from the date of Project commencement, unless unforeseen economic events have occurred.

- 7) **Conflict of Interest - Persons Covered:** The conflict of interest provisions of this policy shall apply to any person who is an employee, elected or appointed official, agent, consultant, or officer of the Applicant, or any immediate family member or business partner of the above, or of any designated public agencies, or subrecipients which are receiving funds from the grant.
- 8) **Applicability:** In the area of procurement of supplies, equipment, construction, and services by recipients, subrecipients, or designated public agencies, the conflict of interest provisions in 24 CFR 570.611, as applicable, shall apply. In all cases not governed by 24 CFR 570.611, the provisions of this policy shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance by the recipient or subrecipients to individuals, businesses and their private entities in the form of grants, loans, or other assistance through eligible activities of the program which authorize such assistance.
- 9) **Conflicts Prohibited:** Except for approved eligible administrative or personnel costs, no persons described above (persons covered) who exercises or have exercised any functions or responsibilities with respect to CDBG activities or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter. For the CDBG program, the above restrictions shall apply to all activities that are a part of the Grant Agreement, and shall cover any such interest or benefit during, or at any time after, such person's tenure. No elected official with any association of their entity as a CDBG recipient, shall be compensated in any form for performing administration of a CDBG project, and shall not receive fees from any source, including finders fees, realtors' or brokers' fees, from a Business or other parties involved in a CDBG assisted project.
- 10) **Exceptions:** DED may grant an exception to a conflict after a determination has been made by the State that the exception will serve the purposes of the Housing and Community Development Act of 1974 and the State's adopted Consolidated Plan. This exception will only be considered after the recipient has provided, to DED, written documentation detailing a disclosure of the nature of the conflict accompanied by an assurance that there has been a public disclosure of the conflict, a description of how the public disclosure was made, and an opinion of the recipient's attorney that the interest for which the exception is sought would not violate state or local law.

In determining whether to grant an exception, DED shall consider the following factors, where applicable:

- a. Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available,
- b. Whether an opportunity was provided for open competitive bidding or negotiation,
- c. Whether the person affected is a member of a group or class of low to moderate income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class,
- d. Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question,

- e. Whether the interest or benefit was present before the affected person was in a position as described above (conflicts prohibited),
- f. Whether undue hardship will result either to the recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict, and
- g. Any other relevant considerations.

Grant administration options:

Sixth, determine how the grant is to be administered. The Applicant has the responsibility to complete the procedures and requirements as established under the Statement of Assurances and the CDBG Administrative Manual. The Administrative Manual, which is available upon request, specifies procedures for all types of CDBG projects.

- 1) **Administrative Methods** : There are three different methods that have been used to administer CDBG projects:
 - (a) Use of existing staff members. If persons presently on staff have sufficient time to devote to administer the project, then this method is preferable if those persons are adequately qualified. However, CDBG funds cannot be used to replace salaries or expenses, which previously had been paid by the grantee. Also, no city or county employee, elected or employed, can be contracted with to perform any portion of a grant, either by the grantee or by an outside firm.
 - (b) Hiring of new staff members. Applicants proposing this method should consider that training a new staff member may cause a delay in program implementation, and it may be difficult to find qualified persons for temporary, part-time, positions. There is no guarantee an applicant will receive funds on an ongoing year-to-year basis.
 - (c) Contract with an outside firm or agency. If CDBG funds are used to pay for administrative services, the service must be procured according to CDBG guidelines. Engineering firms may qualify to administer a grant. However, the same firm or any principal or employee thereof, cannot perform both engineering and administration on the same project, regardless of the source of payment.
- 2) Depending upon the scope of the project, administration activities may include, but are not limited to, environmental review, financial management, procurement, contract management, labor standards, equal opportunity/civil rights, property management, citizen participation, acquisition/relocation, and close-out.
- 3) The amounts made available by CDBG to help defray the costs of administration vary in each of the categories. Please consult the detail found elsewhere in the guidelines.

STEP 2 – REVIEW ELIGIBILITY AND CDBG REGULATIONS

Specific by Category

AMERICANS WITH DISABILITIES ACT

ELIGIBLE USES OF FUNDS: Activities that assist with gaining compliance with the ADA law that include: elevators, chair lifts and large renovation to existing restrooms. No new restroom construction is allowed under this category. Only those activities necessary for compliance are eligible. General improvements or enhancements to buildings conducting government business are prohibited.

TYPICAL NATIONAL OBJECTIVE USED: Area wide benefit 51% LMI by census, or limited clientele.

PRIORITIES: Since courthouses in Missouri represent the most traffic and would achieve the highest impact with renovation, they will constitute a priority. High traffic city halls and all other public buildings will be considered. Also, only applicants who have finalized their State Historic Preservation Office clearance procedures will receive consideration.

APPLICATION DEADLINE/TIMING: The application cycle is open (year-round) and is based upon availability of funds.

ADDITIONAL APPLICATION PAPERWORK REQUIRED: Normal application plus State Historic Preservation clearance documents, plan for full ADA compliance including timeline, and preliminary architectural plan. Applicants are required to complete a plan that recognizes all necessary activities to achieve compliance (doors, ramps, signage, restrooms, parking, etc.) and applied a timeline and budget to that plan.

SCORING: Applications must score 65 points to receive a recommendation for award.

BRIDGE/STREET/DRAINAGE

ELIGIBLE USES OF FUNDS: Applicants may include new construction or rehabilitation of existing structures. One, two, or all three activities may be included in one application as long as they are logically and functionally related.

TYPICAL NATIONAL OBJECTIVE USED: 51% LMI area wide benefit by census or survey. Each separate activity must achieve its own national objective of 51% LMI. The beneficiaries claimed must be logical and defensible.

PRIORITIES: Applications that will eliminate property damage, eliminate unsafe circumstances and improve the health and well being of the beneficiaries are ones that will receive priority.

APPLICATION DEADLINE/TIMING: Applications are due (delivered or post-marked) no later than 5:00 p.m., June 15, 2004.

ADDITIONAL APPLICATION PAPERWORK REQUIRED: Normal application plus engineering report and intergovernmental agreement (if applicable). For low water bridges and those that are uncomplicated in structural design, an engineering report may not be necessary. Please contact CDBG for assistance.

SCORING: Projects are rated in a competitive process. Scores reflect standing in competition and appropriated funds may be used to grant as many as deemed suitable. Project scoring will include a site visit for those that score adequately in the first round rating.

COMMUNITY FACILITIES

ELIGIBLE USES OF FUNDS: Community facilities are senior centers, technical education facilities, training facilities, day care centers, community centers, youth centers, 911, rural health clinics (facilities without state funding), telecommunications, and all eligible activities designed to provide a service or group of services from one central location for a prescribed area of residents or users. This may include the infrastructure necessary to support the facility, as well. They must be owned by a local government or non-profit agency. It is the responsibility of the applicant to assure the non-profit status of the entity seeking assistance. The applicant must be confident of the capacity, history, organizational structure, existence in the community, and reputation of the non-profit. Applications for community facilities must provide evidence of the ability to operate and maintain the facility for the purpose intended. CDBG funds proposed for the day-to-day operation of the facility are not eligible.

TYPICAL NATIONAL OBJECTIVE USED: 51% LMI proven either through area wide benefit, by survey or census, target area benefit by survey (the target area must be defined and defensible in terms of the use of the facility in order to use this option), limited clientele, or 51% LMI proven through survey of the users after award. This latter option is reserved for facilities that address a specific group of beneficiaries that may be drawn from throughout the community or area. Please discuss the specific option chosen with the CDBG staff prior to initiation of the application.

PRIORITIES: Applications that prove a need for the facility to serve a large portion of the public and implement a variety of services and programs in order to achieve a higher return on the investment are ones which will receive consideration. Education and health/well being programs are priorities. The facility must establish its ability to sustain the operation long after construction is complete. The Neighborhood Assistance Tax Credit Program, Youth Opportunities Program, and USDA Rural Development are examples where CDBG funds may match a larger project.

APPLICATION DEADLINE/TIMING: Applications are due (delivered or post-marked) no later than 5:00 PM, March 15, 2004.

CONTINGENT APPLICATIONS: Those applicants proposing or in the process of securing USDA Rural Development loan and/or grant funds may submit an application indicating the proposed funds in the budget page. If the project is selected for funding from CDBG, the award will be made on a contingent basis only. The applicant would have 180 days to secure the USDA Rural Development funds in order to eliminate the contingent status of CDBG funds. This contingent option is only available for USDA Rural Development funding.

ADDITIONAL APPLICATION PAPERWORK REQUIRED: Normal application plus preliminary architectural plan, proof of not-for profit corporation status (if applicable), any intergovernmental agreements necessary (if applicable), and other agency commitments.

SCORING: Projects are rated in a competitive process. Scores reflect standing in competition and appropriated funds may be used to grant as many as deemed suitable. Project scoring will include an interview/presentation for those that score adequately in the first round rating.

DOWNTOWN REVITALIZATION

ELIGIBLE USES OF FUNDS: Public infrastructure and improvements, eligible under the CDBG program, that will significantly contribute to the revitalization or redevelopment of the downtown. These improvements may include, but are not limited to, water, sewer, electric, gas, sidewalks, curb cuts, street paving, parking, etc. Lighting is also eligible. Professional services and administration activities are also eligible. Marketing costs are not eligible. The Downtown Revitalization Program requires \$1 of private, for-profit investment committed for every \$1 of CDBG funds requested. Although there is no local public match requirement, successful applicants often include local cash and in-kind to support the projects. In addition, other scoring (non-match) is available for not-for-profit organizations (including churches) that participate in the project.

TYPICAL NATIONAL OBJECTIVE USED: 51% LMI area benefit by census or survey; or, designated slum and blight. See the definition of slum and blight earlier in the guidelines. Here, the public improvements must be in general state of deterioration.

Job creation may also be used as a avenue to meet the national objective. \$10,000 of CDBG funds may be requested for every one full-time equivalent job. LMI persons must hold 51% of all jobs created.

PRIORITIES: Funding is based on several factors. These include, but are not limited to, developing and utilizing adopted design guidelines, maintaining an active downtown organization capable of providing a coordinated redevelopment strategy, and tailoring the public improvements to be a planned and incremental part of a comprehensive revitalization process. Public improvements must be part of a comprehensive redevelopment process such as the Main Street approach, which balances activities in four basic areas: organization, promotion, design, and economic restructuring. The rehabilitation of historic properties must conform to the Secretary of the Interior's Standards.

Timing: The project may not begin, in any aspect, prior to DED's approval of the grant and completion of the environmental review process. An environmental review, which covers the entire project, including private matching activities, must be conducted by the applicant, and may begin at any time, including prior to submission of the application.

APPLICATION DEADLINE/TIMING: The application cycle is open (year-round) and is based upon availability of funds. Downtown revitalization projects are time sensitive. The inclusion of private investment and participating businesses makes a project start date a real concern. To accommodate the timing issues we recommend the following process:

- 1) Complete Environmental Review, including SHPO release and publication
- 2) Submit application and Environmental Review record to DED
- 3) Request Private Release date from DED so participating businesses may initiate work on private property only.

Note: Receipt of a private release letter from DED does not constitute a commitment of funds. Applicants and businesses **MUST** be aware that the application may not necessarily be followed by award and must be prepared to invest regardless.

ADDITIONAL APPLICATION PAPERWORK REQUIRED: Normal application plus all private commitments, design guidelines adopted, detailed map of improvements, a map of current conditions if slum and blight national objective is used, and, Participation Agreements from each Business, if applicable, and Applicant and Business Disclosure Reports.

SCORING: Applicants must score a minimum of 65 points in order to gain a recommendation for award.

ELIGIBLE USES OF FUNDS: The innovative category allows applicants to submit projects that do not fit under existing categories. The projects must still comply with all CDBG regulations and must still select activities from the list that are eligible. This category allows the applicant to recognize and solve a need particular to the community.

TYPICAL NATIONAL OBJECTIVE USED: The national objective will be specific to the project but may include 51% LMI (area wide or target area: census, survey, job creation or limited clientele) or elimination of slums and blight, or a combination of the two.

PRIORITIES: Applicants that can substantiate a need or a series of needs and have a well thought-out solution with an emphasis on sustainability and local impact (serving a large population with every dollar) will be given consideration. Applicants who leverage other creative funding sources to achieve a broader solution to a series of needs will be given consideration. Applicants who demonstrate local capacity to manage the project will be given consideration.

APPLICATION DEADLINE/TIMING: The application cycle is open (year-round) and is based upon availability of funds.

ADDITIONAL APPLICATION PAPERWORK REQUIRED: Normal application plus include any applicable proof of not-for-profit status, intergovernmental agreement and other agency commitments, including any from the private sector. Include any relevant architectural plans or engineering plan and a map. Include any supporting documentation that verifies the need such as professional studies, census information, etc.

SCORING: Applications must score a minimum of 65 points to gain a recommendation for award.

MICROENTERPRISE

ELIGIBLE USES OF FUNDS: The key to the category is to promote the development of small businesses by providing funds to local governments (or sponsored eligible non-profit organization sub-applicants) to establish a loan program for microenterprise assistance. The applicant is encouraged to design their program in a manner to best meet the area's needs.

Microenterprise: By definition, is a business with 5 or fewer employees, one or more of whom owns the business.

The funds should stimulate the creation or expansion of microenterprises and the creation of new full-time jobs primarily for low to moderate-income persons (LMI).

Eligible uses include the acquisition and rehabilitation of an existing building, the construction of a new building, infrastructure improvements, site preparation, land acquisition, machinery and equipment, working capital, educational training, and administration.

Use of CDBG Funds: Loans are limited to \$25,000 per Microenterprise or 70% of the Project, whichever is less. At least one job must be created or retained for every \$15,000 of loan proceeds. Funding may only be used for eligible expenses related to the Project. Ineligible uses of CDBG funds include, but are not limited to, refinancing of existing debt, political or religious activities, or lobbying any governmental entity.

State and Federal wage rates are required to be paid to the employees of any contractors working on construction-related activities involved in the Project, which are being paid with CDBG funds. These activities

may include, but are not limited to, site preparation, building construction or renovation, or infrastructure improvements.

Loan Program: The Applicant and Sub-Applicant have the flexibility to design the microenterprise loan program to meet the needs of the service area. The program may include low interest loans, forgivable loans, and loan guarantees. The Applicant is responsible for developing the loan application process, loan requirements, such as terms, collateral, underwriting criteria, etc. The loan guidelines must be consistent and fairly implemented.

Loan Agreement: Each Microenterprise must enter into a Loan Agreement between the Applicant, Sub-Applicant and Microenterprise. This agreement shall detail the terms and conditions of the loan as well as the job creation or retention requirements. Please refer to the loan terms document found in the supplemental section of this application.

Educational Requirement: Each recipient of a microenterprise loan must complete an entrepreneurial training.

Program Income: Program income refers to funds generated from a CDBG funded project. More specifically, it includes the following:

- a. Payments of principal and interest on loans made using CDBG funds.
- b. Proceeds from the disposition by sale or long-term lease of real property, machinery, equipment, inventory or other assets purchased with CDBG funds.
- c. Income from the temporary use or leasing of properties acquired with CDBG funds.
- d. Interest earned on program income pending disposition of such income.

The Applicant may establish a Revolving Loan Fund (RLF) to handle the repayments of the microenterprise loans. All funds retain their identity as CDBG program income in perpetuity, regardless of the number of times they are loaned and repaid. Therefore, all CDBG program requirements remain in effect for these funds. The Applicant must submit a semi-annual report to DED detailing the receipt and use of program income. If the funds revolve through a not-for-profit organization, the reporting requirements will cease when the funds have revolved once. The intended use of the funds must stay in effect.

Funding Requirement: The Applicant and Sub-Applicant must commit that it will provide financial assistance only to a Microenterprise that will create or retain at least one New Job for every \$15,000 provided. If funding is provided to an existing Microenterprise and the claim is that one or more jobs are being retained, the Microenterprise must provide documentation that the job(s) would be lost if the Loan were not provided. The LMI benefit must be documented for retained jobs in the same manner as that for job creation.

51% LMI of New Jobs: The Applicant and Sub-Applicant must commit that it will provide financial assistance only to a Microenterprise that will commit to at least 51% of the New Jobs created will be taken by persons qualifying as low to moderate income (LMI), as documented by an Employment Status Statement. If the owner of the Microenterprise is LMI, no further documentation is required.

Employee Survey: An Employment Status Statement is to be used to determine LMI status. The Microenterprise must survey each person hired. In addition, the Microenterprise is required to provide the ethnicity characteristics of all job applicants. The Microenterprise may utilize the Employment Status Statement as a method of collecting this data. The employee must sign the surveys, and the employee must be willing to verify his/her family income upon request of DED, HUD, the Applicant, or Sub-Applicant. The survey is voluntary and confidential; however, all surveys not completed will be assumed to be from non-LMI persons. The Microenterprise is responsible to administer the surveys and provide the completed surveys to the Sub-Applicant, Applicant and DED.

TYPICAL NATIONAL OBJECTIVE USED: Job creation for 51% LMI.

PRIORITIES: Funding is based on several factors. These include the program design, training component and qualifications, level of local government support, area to be served, organization(s) involved in implementation, and timeframe for implementation.

Approval: The decision to provide the Grant will be based on the:

- a. Program service area and involvement of local governments.
- b. Lack of other microenterprise or small business assistance in the area.
- c. Design and management of the local microenterprise program.
- d. Potential to successfully carry out the microenterprise program.
- e. Training component and qualifications of trainers.
- f. Organizations involved in implementation and the time frame involved.

APPLICATION DEADLINE/TIMING: The application cycle is open (year-round) and is based upon availability of funds.

ADDITIONAL APPLICATION PAPERWORK REQUIRED: Normal application plus proof of not-for-profit status, if applicable, intergovernmental agreement, if applicable, other commitments, and Disclosure Report for the Applicant and Sub-applicant and the Anti-Lobbying for the Applicant and the Sub-Applicant.

SCORING: Applications must score a minimum of 65 points to gain a recommendation for award.

NEIGHBORHOOD DEVELOPMENT

ELIGIBLE USES OF FUNDS: Neighborhood Development Program falls into two categories: Targeted and Demolition only. Applicants should carefully review the goals of what they want to accomplish and the eligible activities under each category to determine which category their project would best fit. In the targeted approach, goals should include every activity necessary to create a sustainable, viable community. CDBG funds cannot be used to rehabilitate mobile homes manufactured prior to 1977. Demolition projects are used to eliminate spot slum and blight conditions that represent a hazard to the health and safety of citizens.

Targeted Area: A neighborhood target area must have a minimum of 20 residential units, but no more than a total of 60 residential and commercial units. The neighborhood target area must be similar in character. **A street, alleyway, railroad track, zoning, city limits, creek or stream, or other major feature must define the boundaries of the area.** Only one area is allowed.

Target Area Eligible Activities: Housing activities are limited to housing rehabilitation; substantial reconstruction on same lot; homeownership/down payment assistance; new construction down payment assistance; acquisition of property that was or is for residential housing purposes; relocation of households from dilapidated residences; lead reduction activities; demolition of severely dilapidated units; removal of architectural barriers in residential properties; construction trade training; job training; activities of other organizations related to housing, including the construction of new housing; shared housing project operations; supportive services, including financial counseling and home maintenance training. Professional services that are eligible are rehabilitation inspection services; lead risk assessment services, asbestos inspection services, and grant administration services.

Public facility activities eligible include: water, sewer, streets, sidewalks, street accessories, storm sewers, drainage, fire hydrants, street lighting, electrical distribution, gas distribution, and all necessary professional services for carrying out these activities. Include public facility narratives in your application even if local funds are being used to pay for the proposed public facility activities.

Housing activities must comprise at least 40% of the project. 80% of housing funds must be expended on units brought to DED Livability Standards (See HQS Section). No more than 20% of housing funds may be expended outside of the targeted area.

Demolition: Targeted area must include entire community.

Demolition Eligible Activities: The only activity that is eligible is the demolition of vacant dilapidated buildings. Both residential and commercial properties may be demolished, however, at least 75% of the structures proposed for demolition must be residential properties. An application must consist of at least five residential units that will be demolished. Acquisition is not an eligible activity in a demolition-only project. Demolition projects may include asbestos inspection and removal line items for structures identified with asbestos. Proposed residential structures must be unoccupied for at least twelve months. This should be documented with utility service disconnection records. Applications that document voluntary demolitions with property owner consent forms will rate more competitively.

TYPICAL NATIONAL OBJECTIVE USED: Rehabilitation activities require 100% LMI benefit since they result in a direct benefit to a person or family's home. Public facility work that is proposed in a target area application (target area benefit) is required to meet 51% LMI benefit as documented by a survey. Demolition activities may be LMI or slum and blight objective.

Surveying and Sizing Target Area:

Targeted Area Site: Applicants must survey their target area for the following: condition of the housing units in the area, vacant structures, income status of occupants and owners, whether units are rental or owner occupied, which units have children of ages 6 or under, units with asbestos, and housing which does not have a permanent continuous foundation. In addition, surveys should also determine an overall number of households that are actually interested in participating in the program if it were funded, the need for or the presence of supportive services being provided to area residents, employment and income status, or any other characteristics that the applicant believes will help describe the needs. Survey results are reported in the application and must be mapped using the codes indicated in the application directions. The final size of the target area will be based on matching the needs of the target area and the number of interested and eligible participants to the projects budget, subject to our program cost limits.

Demolition: A survey for demolition projects should include: the total number residential and commercial units, number of vacant units and buildings, number of dilapidated units and buildings, and a survey of the owners of the vacant and dilapidated units and buildings to request their voluntary written consent to have their structure demolished.

Cost and Types of Rehabilitation Assistance: The maximum average CDBG cost for housing activities is \$15,000 per household, exclusive of lead paint hazard reduction activities. Typically, the average cost per household for rehabilitation is about \$13,700, depending on the local cost of labor and materials. Applicants should consider the rehabilitation of a unit as infeasible if the cost exceeds \$15/square foot to rehabilitate it to DED's Health and Safety HQS. DED will not allow a community to grant more than \$15,000/unit. Rehabilitation of rental units requires a 25% match by the owner of the rental property. The 25% match is discretionary if the owner's household income is below the LMI income guidelines for that area. A two-year rent-freeze agreement is required on all rental units. The rental property owner must agree to lease the rehabilitated property to LMI tenants for the two-year period following the completion of the rehabilitation work.

Applicants have several options in determining the type(s) of CDBG assistance to perform housing rehabilitation activities. The options include direct grants or forgivable loans. Matching funds should be combined with CDBG funds to accomplish HQS rehab objectives.

MATCHING FUNDS: applicant cities and counties are strongly encouraged to provide matching funds for your project activities. An applicant may earn up to 15 application-leveraging points.

1) **Rehabilitation Funding Sources**

- a) Provided by the property owner or their family members
- b) Weatherization funds provided by the Missouri Community Action Agencies
- c) USDA Rural Development Section 504 Home Repair loans or grants
- d) Federal Home Loan Bank Affordable Housing grant program
- e) Missouri Housing Development Commission rehabilitation program funds, and
- f) Housing Preservation Grant program funds from USDA/Rural Development.

The property owner must document matching rehab funds with a written commitment. The amount must be based on the condition of the unit. 25% of a B-rated unit equals \$2,500, since it cannot cost more than \$15,000 to rehabilitate a B-unit. 25% of a C-rated unit is \$3,750. 25% of lead cost may be added to the owner's commitment amount where lead-based paint exist at that unit. Exaggerated figures will be rejected.

Professional Services Matching Funds: Applicants may commit cash or in-kind funds to pay for professional services. Applicants may commit local matching funds to pay for housing rehabilitation inspection services, lead-based paint risk assessment services, asbestos inspection services, home maintenance and budgeting supportive services, and grant administration costs.

Professional Service Costs:

- 1)Rehab inspection costs are limited to \$850/unit.
- 2)Demolition inspections are limited to \$425/unit.
- 3)Lead Risk Assessment costs are limited to \$600/unit.

Rehabilitation Standard:

Targeted Program: All units that receive CDBG assistance must be completed to the DED's "health and safety" HQS standards at a minimum, and at least 80% of the funds must be used to complete units to the DED's HQS "livability" standards. A grantee must use CDBG funds to perform the housing improvements within the target area; however, a grantee may use 20% of their housing funds outside the target area after addressing all housing needs inside of the project area.

All projects: Units that cannot be rehabilitated to the required housing standards for \$15/sq.ft. should not be rehabilitated. There are alternatives for such dilapidated units, which includes relocating the household into a standard unit, or replacing the dilapidated unit with a manufactured home; or a substantial reconstruction on their existing lot; or providing downpayment assistance and closing costs for the construction of a new home. Relocation and substantial reconstruction costs should be included in your application budget and the strategy in your application narratives.

Lead-Based Paint Requirements: All pre-1978 homes that will have a painted surface disturbed during the course of being rehabilitated must have a lead risk assessment completed on the house by a risk assessor licensed by the Lead Bureau of the Missouri Department of Health and Senior Services. A list of licensed risk assessors is maintained on their Web site at: www.dhss.state.mo.us/Lead/websitehtml.htm.

In addition, the cost of lead reduction activities coincidental to the rehabilitation costs must be included in the housing rehabilitation line item of the application budget. The cost of lead reduction activities that are beyond the scope of items coincidental to the rehab based on DED's HQS must be included in the lead reduction activity line item. The state will allow a maximum additional \$6,000 per unit for lead hazard reduction costs, whether it is coincidental or not coincidental to the rehabilitation work.

Other Program Requirements: Please refer to the CDBG Housing Rehabilitation and Demolition 2003 Administrative Manual for definitions, standards, and applicable laws and regulations. The Manual is available through the CDBG office.

PRIORITIES: Based upon the survey, applicants should determine the optimal project area and type to achieve the city's goals and objectives for the project. They must also ensure that the area has an adequate number of persons that are eligible to participate in the project and who desire to participate in the project. Applicants that show project readiness, property owner interest in project participation, local responsibility, matching funds leveraging and local desire and initiative will rate most competitively. Impact is the single most important factor in housing rehabilitation.

Project Readiness Emphasized: Includes completion of environmental review; pre-selection procurement of professionals required for project (i.e. rehab inspector, lead risk assessor, grant administrator, and the asbestos inspector if applicable) list of project rehab contractors, list of lead supervisors and workers, list of individual contractors with HUD lead safe work practices training certificates with attached licenses or certificates; adoption of housing rehabilitation guidelines with grievance procedure; selection of a housing rehabilitation board to oversee project; selection of applicant's point person for project (must be an elected or hired city official); and the selection of applicant's financial management point person for the project (must be a member of the applicant's financial staff); etc. Housing categories allows for up to 12 points to be awarded for project readiness to facilitate the successful, timely implementation and completion of the project.

Owner Participation Documentation: Includes documentation to show that the target area residents of the project will participate in the project. Obtain and provide statements of "intent to participate" in the rehabilitation and demolition activities from the homeowners and rental property owners. Ensure that box 12 on the LMI housing survey is completed and provide the resulting numbers in the applicable narrative answer.

APPLICATION DEADLINE/TIMING: Applications are due (delivered or post-marked) no later than 5:00 p.m., May 15, 2004.

ADDITIONAL APPLICATION PAPERWORK REQUIRED: Normal application plus preliminary engineering plan (if proposing public facilities), landlord commitments, and a map that is keyed as required.

SCORING: Projects are rated in a competitive process. Scores reflect standing in competition and appropriated funds may be used to grant as many as deemed suitable. Project scoring will include a site visit for those that score adequately in the first round of rating.

RURAL AFFORDABLE HOUSING RFP

ELIGIBLE USES OF FUNDS: Use of CDBG funds to make feasible the development of housing in areas indicating need but are lacking conventional resources to accomplish the goal. The rehabilitation and renovation of multi-family housing, creation of single-family housing, off-site infrastructure, construction, acquisition, professional services, etc., are all eligible activities.

TYPICAL NATIONAL OBJECTIVE: 51% LMI for public facilities, and 100% LMI for direct housing. LMI may be documented by HUD census data or an income survey conducted in accordance with prescribed standards.

REQUIRED MATCH: All applicants submitting an RFP under this program are required to propose applications under either the MHDC Low Income Housing Tax Credit Program for the renovation of existing units, the construction of single-family housing integrated with a homeownership opportunity component, or the renovation of historic structures for housing.

CONTINGENT FUNDS: Projects may be awarded on a contingent basis to allow for the MHDC LIHTC application period for the required matching funds. Please discuss contingent funding proposals with the DED staff prior to submission of application.

PRIORITIES: Priority will be given to proposals that achieve the following:

- clearly describe a need for CDBG assistance to close a financial gap for housing development in rural Missouri
- exist in areas where homes are cost burdened (LMI households pay more than 30% of income for rent or mortgages)
- promote redevelopment and rehabilitation of Historic Structures
- address distressed areas
- supports objective(s) of a local housing plan
- creates homeownership opportunities
- renovate existing housing complex or building

- include amenities not customary in the community (child care, job development skills, study and computer centers, etc)
- consist of a development team with appropriate capacity to complete the project
- structure the use of CDBG funds to accomplish additional development and sustainability through the use of program income.

Selection is accomplished by eliminating all proposals that do not substantiate CDBG need, eliminating proposals where housing development is occurring as a result of the market, eliminating proposals where a significant vacancy rate exist for the type of housing proposed, and evaluating the balance of the proposals based on the priorities listed above.

APPLICATION DEADLINE/TIMING: Applications are due IN PROPOSAL FORM (see Rural Affordable Housing RFP section in the back of this application packet) no later than 5 p.m., August 15, 2004. Since August 15, 2004 is on a Sunday. **PROPOSALS** must be received in our office no later than 5 pm on Monday, August 16, 2004, or postmarked with that date. Proposals that receive a contingent commitment letter from DED are required to complete a full CDBG application at the time they achieve all other funding commitments.

ADDITIONAL PAPERWORK: The initial application comes in the form of a proposal (see Rural Affordable Housing RFP section in the back of this application packet). The full application (for awarded projects only) requires all forms found herein with the exception of the narrative and public hearing. The full application shall include a set of final architect renderings.

SCORING: Projects are rated in a competitive process. Scores reflect standing in competition and appropriated funds may be used to grant as many as deemed suitable. Project scoring may include a site visit.

OPEN CYCLE HOUSING

ELIGIBLE USES OF FUNDS: Applications that promote affordable housing activities not found in other CDBG categories. The purpose of this category is to allow an opportunity for communities to meet housing needs not related to rehabilitation or low-income housing tax credit financing. Applicants may propose to serve specific special needs projects or may combine housing with other activities such as job training. Examples may include single family new construction, Youthbuild, transitional housing, infrastructure to support housing, downpayment assistance, historic preservation, upstairs/downstairs projects, scattered site rehabilitation, etc.

TYPICAL NATIONAL OBJECTIVE: 51% LMI for public facilities and 100% LMI direct housing. LMI may be documented by HUD census data or survey conducted in accordance with prescribed standards.

CONTINGENT FUNDS: Applications may be awarded contingent funds only if the action gains access to other funds for the community. Decisions will be made on a case by case basis.

PRIORITIES: Applications will be evaluated on an 100 point scale, with need defined by documentation, vacancy rates, market studies, and unmet need numbers. Impact will be evaluated by number of units proposed, affordability standards, supportive services, project readiness, and implementation plan. Leveraging, in-kind, and tax credit match (including NAP, YOP, Historic, and NPA) will also be considered.

APPLICATION DEADLINE: The application cycle is open (year-round) and is based upon availability of funds.

ADDITIONAL PAPERWORK: Standard CDBG application plus LMI affordability documentation, project readiness documentation, preliminary architectural plans; proof of non-profit status if applicable; any intergovernmental agreements necessary; complete budget including cash flow analysis, construction/rehabilitation timeline, a list of other proposed sources and applicable deadline dates; market study; site control documentation (status of zoning); ownership; sources and uses outline and project management capability.

SCORING: Applications must score a minimum of 65 points to gain a recommendation for award.

WATER AND WASTEWATER

ELIGIBLE USES OF FUNDS: Construction related to water treatment and distribution, and sewer treatment and collection for publicly owned systems. Operation and maintenance activities are not eligible for participation. Improvements related to fire flow may be included in a CDBG assisted project, however, costs associated with that activity must be borne by the community. Projects must benefit 51% or more residential units.

TYPICAL NATIONAL OBJECTIVE USED: 51% LMI only (emergency projects funded under the National Objective of “threat to health and safety” must use another application form supplied by CDBG.)

PRIORITIES: All systems with adequate rate mechanisms that cover operation and maintenance, reserves, emergencies, and future capital improvements are given consideration. The state has established priorities that are listed by point value in the selection criteria sections of these guidelines.

APPLICATION DEADLINE/TIMING: Applications are open cycle (year-round), but **require an invitation** after completing the Missouri Water and Wastewater Review Process. The process includes submission of a preliminary proposal and engineering report (with 5 copies) to the MWWRC for review and comment. The MWWRC meets twice a month and is made up of members from USDA-Rural Development, Missouri Department of Natural Resources, and the Community Development Block Grant program. Proposals are received and placed on a calendar for inclusion on the agenda. If the proposal is received between the first and the fifteenth of the month, then it is placed on the agenda for the 15th of the following month. If the proposal is received between the 16th and the end of the month, then it is placed on the agenda for the meeting held on the 30th of the following month.

ADDITIONAL APPLICATION PAPERWORK REQUIRED: Normal application plus preliminary engineering report, map, commitment letters from other agencies, notice of successful bond election, and inter-governmental agreements if project is on behalf of a Public Water Supply District or Public Sewer District.

SCORING: Final applications must score a minimum of 65 points in order to achieve a recommendation for award.

ENGINEERING FEASIBILITY STUDY

ELIGIBLE USES OF FUNDS: Engineering activities that promote the possibility of expansion, creation, or consolidation of water or wastewater facilities. Activities include engineering and administration. Administration is limited to the completion of any survey work necessary. The feasibility study produced shall include, at a minimum, the content of the Preliminary Engineering Report (sample found in the supplemental section of this application packet).

TYPICAL NATIONAL OBJECTIVE USED: Applicants may provide preliminary evidence of LMI compliance with CDBG at application submission deadline date. Applicants must provide proof of LMI status (in the traditional manner) before the release of funds.

PRIORITIES: Feasibility Studies that propose: Existing systems desiring consolidation; existing systems where regionalization will increase TMF; expansion of viable systems to areas not currently served; funds to study the creation of a new system in an area not currently served.

APPLICATION DEADLINE: Applications are due (delivered or post-marked) no later than 5:00 p.m., April 15, 2004.

ADDITIONAL PAPERWORK REQUIRED:

1. For existing systems desiring consolidation: A letter of intent from each participating utility
2. For existing systems where regionalization will increase TMF: DNR inspection reports, utility financial statements or other supporting TMF documentation.
3. For expansion of viable systems to areas not currently served: Proof of legal ability for utility to serve proposed area.
4. For the creation of a new system in an area not currently served: Proof of legal ability for utility to serve proposed area.

SCORING: Final applications must score a minimum of 65 points in order to achieve a recommendation for award.

ENGINEERING FACILITY PLAN/PLANS AND SPECS

ELIGIBLE USES OF FUNDS: Engineering design activities that result in an approved set of plans and specifications.

TYPICAL NATIONAL OBJECTIVE USED: Area-wide or target area benefit; 51% LMI by census or survey.

PRIORITIES: Applicants who show a financial need; projects scoring high on the Dept. of Natural Resources' Intended Use Plan (IUP); projects on IUP for second year; projects with USDA Rural Development Letter of Conditions; complex projects with large residential impact.

APPLICATION DEADLINE: Applications are open cycle (year-round), but projects must be listed on DNR IUP or have RD Letter of Conditions.

SCORING: Final applications must score a minimum of 65 points in order to achieve a recommendation for award.

STEP 3 – SELECT GRANT WRITER AND PRELIMINARY ENGINEER/ARCHITECT

The choices for the services of application preparation and preliminary engineering and the responsibility for payment of these services belong to the applicant. CDBG has no restrictions on who may prepare your application and the only restriction regarding your choice of engineers or architects is that he/she must be a registered professional engineer or a registered professional architect in Missouri.

The costs associated with services to assist the community in the application preparation are NOT eligible costs under the CDBG program. They may, however, be included in the applicant's in-kind.

There are no restrictions regarding the responsibility for completion of specific parts of an application if a community chooses to separate the parts. The Chief Elected Official and Budget Officer must understand their responsibility for the accuracy of all documents in the application for which they are required to sign.

A preliminary engineering/architectural report must be prepared by a registered professional engineer for any public facility improvement, or by a registered architect for the construction or rehabilitation of a building, except for residential rehabilitation. The report must be sufficient in scope to analyze the need, determine the most appropriate solution, provide a cost estimate, and determine the level of operation/maintenance necessary to sustain the improvement.

A sample preliminary engineering report for water and wastewater projects is available from the CDBG office. That format may be changed to adapt to the other CDBG categories that require it.

The following is a sample content of the preliminary architectural plan.

ARCHITECTURAL REPORT CONTENT:

1. Name of applicant or owner of the facility
2. Name, address, telephone of the architectural firm
3. Date of report
4. Statement summarizing the goals of the project and the design principles governing the project (e.g. principles may be public spaces receive the highest level of preservation; areas where President Harry Truman may have influenced the design will receive the highest level of preservation; preserving the primary elevations of the building was important; retaining as many original design elements as possible was important, etc)
5. Photographs of existing conditions exterior and interior labeled and keyed to the site map and floor plans. Preliminary photographs can be 3x5 color or black and white. Photographic documentation requirements are found in the ADA technical assistance manual, available by request from the CDBG office.
6. Topographic Map
7. Area map: Shows where the project is located in the city or town
8. Site map: Shows building[s]/site and adjacent street, with appropriate notations, such as a north arrow and main entrance of the building.
9. Proposed floor plans: Complete scaled floor plans of the proposed structure. Indicate all new construction.
10. Demolition Plans: Complete scaled floor plans of the existing structure. Indicate all proposed demolition. Elevation sections (even in sketch form) must be submitted as part of the preliminary architectural plan.
11. Elevations: All elevations of the existing building. If any elevation is to be changed, those changes must be noted.

12. Sections: Sections should be provided when necessary to understand the project. Call the State Historic Preservation Office (SHPO) to determine if Sections are necessary.
13. Specifications: Specifications must be provided; general notes are acceptable in the preliminary stages of a project.
14. Architect should include in plan a statement or certification that all improvements are consistent with the Americans with Disabilities Act and related laws.

Submit renderings if available.

NOTE: Floor plans, elevations and sections must be drawn and notated with standard architectural forms and notations (e.g. plans must be drawn accurately; the entire building should be drawn; the width of the walls should be shown; doorways and door swings indicated, materials indicated when appropriate, etc.).

STEP 4 - REVIEW THE ADMINISTRATOR AND DESIGN ENGINEER/ARCHITECT AND OTHER PROFESSIONALS PRE-SELECTION PROCESS (OPTIONAL)

The choice of who administers and designs a project is the applicant's choice. It might very well be the most important decision an applicant makes. How it is done depends upon who is expected to pay for the service. If the applicant intends to ask CDBG to pay for all or a portion of the fees, then the CDBG procurement guidelines must be followed.

It is possible to procure for the grant writer and administrator in one step. It is also possible to procure for the preliminary engineer and the design engineer in one step. The key is to keep the costs associated with each activity separate.

A contract may not be signed incurring CDBG funds prior to grant award, unless a statement is included which states the contract is "contingent" upon CDBG funding. The applicant must protect itself from any obligation in the event that CDBG funds are not awarded.

Applicants must comply with RSMo 1983, Section 8.285-8.291, in the procurement of architectural, land surveying, or engineering services, unless the applicant has adopted its own procedure. New procurement regulations went into effect April 19, 1995. The CDBG program has adopted these new rules, Public Law 103-355, except the maximum allowance for small purchases shall remain at \$25,000. Procurement, as discussed in PL 103-355, must be complied with if CDBG funds are involved in the compensation of professional services.

Applicants must comply with procurement standards regarding "Other Professional Services". If the project requires "Other Professional Services", additional procurement may be required. The type of procurement procedure necessary is dependant upon the service. If the service does not require a licensed engineer then the applicant must procure using a "Request for Proposal". This service cannot be included as part of the engineering contract.

Grant Administration: The process of pre-selecting a grant writer and grant administrator is as follows:

- 1) The applicant must fully understand the definition of the term "lowest and most responsible" bidder. Applicants must base the selection of their desired professional services on the combination of the lowest (referring to price or cost) and most responsible (referring to the individual/firm who offers the best qualifications in regard to the evaluation factors that the community decided were important).
- 2) The applicant must determine which evaluation factors (from the list found on the sample Request for Proposals) are the most important to their circumstances. This could take the form of applying a point scoring system to each evaluation factor and subsequently giving bidders points based upon their responses. Once the point scoring system is applied to each bidder, the community would then determine the lowest and most responsible proposal using a fair system.

Note: Since a community may ultimately select a firm who may not be the lowest bidder, their selection criteria (the weighting of the importance of the factors) becomes the record of their process. It must be logical and must support the final decision. Indications of arbitrary decisions will result in questions regarding the procurement by CDBG staff and project auditor.

- 3) Once the importance of the evaluation factors have been determined a Request for Proposals for Proposals must be drafted. This Request tells potential bidders what you are looking for and allows them to respond in turn. The RFP must clearly indicate that bids are being solicited for both grant writing and grant administration. Evaluation factors should include:

- (a) The specialized experience and technical competence of the firm with respect to the type of services required.
 - (b) The capacity and capability of the firm to perform the work in question, including specialized services, within the time limitations fixed for the completion of the project.
 - (c) The past record of performance of the firm with respect to such factors as control of costs, quality of work, and ability to meet schedules.
 - (d) The firm's proximity to and familiarity with the area in which project is located.
 - (e) Except for engineering and architectural professional services, price must be an evaluation factor. The importance of each of the above factors should be stated in the publicized notice.
- 4) In order to comply with CDBG policy, a copy of the RFP must be made available to only the regional planning commission that serves the area in which the applicant is located, and all grant administrators as stated on the published CDBG administrator list IN ADDITION to all other proper procurement procedures. Failure to follow required procurement procedures will either disallow the use of CDBG funds to pay for the service or the process will have to be repeated correctly.
 - 5) Activities to ensure a broad solicitation of all other known or existing firms capable of completing the work must also be made. This may take the form of a publication in a newspaper or further solicitation via the mail. Even if newspaper publication is used, documentation must be kept proving solicitation of adequate number of qualified sources
 - 6) Attention must be made to directly solicit MBE and WBE firms as required by law. Note that all of these steps are the applicant's attempt to receive a minimum of three or more responses.
 - 7) The Request for Proposals should also generally describe the scope of the work that the bidder will be expected to perform. Competitors in the selection cannot carry out the procurement procedures, doing so could result in disqualification. The RFP must clearly separate the scope and cost of the services associated with preparing the application, and the scope and cost associated with administration of the grant.
 - 8) The Request for Proposals should include a deadline date for receipt of any or all bids (e.g. July 15, 2004 at 5:00pm). The applicant must not entertain any bids after the deadline. An adequate amount of time for all bidders to prepare a proposal should be built into the schedule.
 - 9) Once all bids have been received references should be checked. The only way for an applicant to secure good information about how a person or a firm performed similar administrative duties is to call the other cities and counties for which they have performed the service and ask for their opinion. CDBG staff cannot and will not provide comments regarding the administrative performance of any person or firm.
 - 10) Apply the established evaluation point criteria.
 - 11) Determine the lowest and most responsible bidder.
 - 12) Execute an appropriate contract and remember, if the contract is executed as part of a pre-selection process (prior to award announcements by CDBG) there must be a clause included, which makes it contingent upon the receipt of the CDBG grant award. Cost plus a percentage of construction cost method of contracting cannot be used. A cost plus fixed fee (with a maximum amount) or lump sum basis contract is recommended.

Engineering/Architectural Design and Construction Inspection: The process for selecting an engineer to design and inspect a project requires a little different process than the one for administration. Cost or price is not a factor in the initial selection process of an engineer or architect, and a Request for Qualifications is used to solicit bids. The applicant can utilize the following evaluation factors (experience, technical expertise, competence, capacity, capability, past record, cost controls, quality of work, ability to meet schedules, proximity to area, familiarity with area, etc.).

1. The applicant must determine which evaluation factors (from the list found on the sample Request for Qualifications) are the most important to their circumstances. This could take the form of applying a point scoring system to each evaluation factor and subsequently giving bidders points based upon their responses.
2. Draft a Request for Qualifications (RFQ). The RFQ tells the bidders what you are looking for and allows them to respond in turn. The RFQ must clearly indicate that responses are being solicited for both preliminary engineering and design. (Note: Construction Inspection may or may not be part of this solicitation. That decision is up to the community.)
3. Actions to ensure a broad solicitation of all other known or existing firms capable of completing the work must also be made. This may take the form of a publication in a newspaper or further solicitation via the mail.
4. Attention must be made to directly solicit MBE and WBE firms as required by law. Note that all of these steps are the applicant's attempt to receive three or more responses.
5. Include the Scope of Work in the RFQ. The RFQ must clearly separate the scope of the services associated with preliminary engineering report, and the scope of services associated with preparing the engineering design.
6. The Request for Qualifications should include a deadline date for receipt of any or all bids (e.g. December 15, 2003 at 5:00pm). The applicant must not entertain any bids after the deadline. An adequate amount of time for all bidders to prepare a proposal should be built into the schedule.
7. Once all bids have been received, references should be checked. The only way for an applicant to secure good information about how a person or a firm performed similar engineering duties is to call the other cities and counties for which they have performed the service and ask for their opinion. CDBG staff cannot and will not provide comments regarding the engineering performance of any person or firm.
8. Apply the evaluation point criteria to each bid.
9. Determine the most qualified bidder.
10. Once this stage has been completed and adequately documented an interview and negotiation process may begin with the engineering firm who rated the highest according to the evaluation criteria. It is important for the applicant to negotiate a cost which is a fair and just amount relevant to the work required, and within their ability to pay (amount budgeted). In the event that negotiations fail, the applicant has no obligation to enter into a contract simply because the engineer rated the highest. If the applicant wishes to eliminate the firm they may document the failed negotiation and move to the next highest scored firm on the evaluation list. An applicant may NOT initiate a bidding war between two engineering firms and they may NOT demand more of one firm than another.
11. Enter into the appropriate contract and remember, if the process is pre-selection, then include the clause that the contract is "contingent" upon award of grant funds.

(SAMPLE FOR PRESELECTION)
REQUEST FOR PROPOSALS
PROFESSIONAL ADMINISTRATION SERVICES

The City of Anytown requests proposals for preparation of a grant application and subsequent administration services to assist in a proposed project to be partially financed with Community Development Block Grant (CDBG) funds. The remainder of the project is being financed by the city's \$300,000 bond issue. The project consists of municipal water system improvements.

Grant application preparation shall include, but is not limited to, preparation and submittal of all completed grant forms by the appropriate deadline, LMI determination, coordination with preliminary engineering report, etc.

Administration services shall include, but are not limited to, the implementation of the project in conformance with the following CDBG compliance areas: environmental review, financial management, procurement, contract management, labor standards, equal opportunity/civil rights, citizen participation, acquisition/relocation, and close-out.

Information provided to the city shall include:

- (a) The specialized experience and technical competence of the firm with respect to grant preparation and administration, and related work;
 - (b) The past record of performance of the firm with respect to such factors as accessibility to clients, quality of work, and ability to meet schedules;
 - (c) The firm's proximity to and familiarity with the area in which the project is located;
 - (d) Capability of carrying out all aspects of grant related activities;
 - (e) Cost of services (clearly separate the cost associated with grant preparation and administration services);
 - (f) References from previous clients of related work with the firm within the past five years.
- (a) (b), and (d) above shall receive priority weighting in final selection.

The above information should be submitted no later than June 30, 2004, 5:00 p.m., City Hall, 111 First Street, Anytown, MO 66000. For more information contact City Clerk at 555-555-5555. The City of Anytown is an Equal Opportunity Employer, and invites the submission of proposals from minority and women-owned firms.

(SAMPLE FOR PRESELECTION)
REQUEST FOR QUALIFICATIONS
PROFESSIONAL ENGINEERING SERVICES

The City of Anytown requests qualifications for preliminary engineering services and subsequent engineering design services to assist in a proposed project to be partially financed with Community Development Block Grant (CDBG) funds. The remainder of the project is being financed by the city's \$300,000 bond issue. The project consists of municipal water system improvements.

Information provided to the city must include:

- a) The specialized experience and technical competence of the firm with respect to water system improvements or related work;
- b) The capacity and capability of the firm to perform the work in question, including specialized services, within a period of twelve months beginning June 1, 2004;
- c) The past record of performance of the firm with respect to such factors as control of costs, quality of work, and ability to meet schedules;
- d) The firm's proximity to and familiarity with the area in which the project is located; and
- e) References from previous clients of related work with the firm within the past five years.

The firm will be selected based on the above qualifications. Once the most qualified firm is selected, a cost for preliminary engineering will be negotiated separately from the cost for engineering design.

The ability to begin work immediately and guarantee submittal to DNR within twelve months plus (c) above shall receive primary consideration. The above information should be submitted no later than June 30, 2004, 5:00 p.m., City Hall, 111 First Street, Anytown, MO 66000. For more information contact City Clerk at 555-555-5555. The City of Anytown is an Equal Opportunity Employer, and invites the submission of proposals from minority and women-owned firms.

(Sample Request for Proposals)
Lead Based Paint Risk Assessment Services

The City of Anytown requests proposals for lead risk assessment services provided by persons licensed by the Missouri Department of Health to assist in a proposed project financed partially by Community Development Block Grant (CDBG) funds. The project consists of the rehabilitation of housing. Services requested include the following:

- For all houses that will be occupied by children under six or, which are rental units, a risk assessment or lead hazard screen must be conducted in accordance with DOH Work Practice Standards and HUD Guidelines, with the exception of on-going monitoring
- Partial inspections for all houses constructed before 1978.
- Copies of risk assessment report, including a lead reduction plan, should be provided to the city and property owner.
- Monitoring of abatement and/or interim control activities and clearance sampling.
- The risk assessor must work in collaboration with the rehabilitation inspector and project administrator.
-

Information provided to the city shall include:

- The specialized experience and technical competence of the firm with respect to the identification of lead hazards in CDBG funded rehabilitation projects or other HUD funded housing rehabilitation programs;
- The past record of performance of the firm with respect to such factors as accessibility to clients and ability to meet schedules;
- The firms proximity to and familiarity with the area in which the project is located;
- The capability of carry out all aspects of required activities
- Cost of service for the following activities
 - Risk Assessment Services including preparation of a report(lump sum cost per unit)
 - A Lead Hazard Screen including preparation of a report (lump sum cost per unit)
 - Partial Inspection (Cost per surface tested
 - Project monitoring and clearance testing (cost per unit)
- References for previous clients of related work with the firm within the past five years

The above information should be submitted no later than _____, 5:00 p.m., City Hall, _____ . For more information contact City Clerk _____ at _____. The City of Anytown is an Equal Opportunity Employer and invites the participation from minority and women owned firms.

(Sample Request for Proposals)
Housing Rehabilitation Inspection Services

The City of Anytown requests proposals for housing inspection services provided to assist in a proposed project financed with Community Development Block Grant (CDBG) funds. The project consists of rehabilitation of housing. Services requested include the following:

- Conduct and complete a checklist to document a preliminary inspection of each house and determine deficiencies in each house based upon housing standards provided by the Missouri Department of Economic Development.
- Prepare a scope of work and obtain a work write-up from the lead inspector to determine the feasibility of rehabilitating each house, including a cost estimate for the work.
- Prepare bid documents and other contract provisions, including drawings and specifications, that conform to the requirements from proposed financing sources
- Collaborate with the city's grant administrator and lead-based paint risk assessor as necessary to ensure CDBG requirements, including lead-paint regulations, are met.
- Assist the city with regard to solicitation of bids and/or negotiated proposals
- Represent the city during the construction phase of the project and provide necessary drawings and specifications for change orders.
- Be responsible for the approval of construction work required for contractor payment.
- Report to the city periodically on the progress of each project.

Information provided to the city shall include:

- The specialized experience and technical competence of the firm or person with respects to working on CDBG funded rehabilitation projects and/or other housing rehabilitation programs.
- Any experience in each of the building construction trades. The minimum experience required includes at least one-year experience in a building construction supervisory position, trades instructor, full time city code inspector, or as a rehabilitation inspector.
- The past record of performance of the firm or person with respect to such factors as accessibility to clients, ability to meet schedules, communication and coordination skills.
- The firm or person's proximity and familiarity with the area in which the project is located;
- The capability of carrying out all aspects of required activities, including any experience or education in preparing contract documents, drawings, and specifications.
- Cost of services per housing unit for the following activities:
 - Preliminary inspection work and preparation of project specifications for housing rehabilitation projects.
 - Preliminary inspection work, preparation of project specifications, and construction monitoring for demolition projects.
 - Construction monitoring for housing rehabilitation projects.
- References from previous clients or related work with the firm within the past five years.

The above information should be submitted no later than _____, 5:00 p.m., City Hall, _____.
For more information contact City Clerk at _____. The City of Anytown is an Equal Opportunity Employer and invites participation from minority and women owned firms.

Existing Contracts: A previously existing contract for professional services cannot be extended to cover a new project. The exception to this might be a one-year extension of an engineering or administrative contract if the project applied for is basically the same as the previous year. Retained professional services require review by DED to determine eligibility for payment.

Maximum Fees:

1. **Engineering Design:** The American Society of Civil Engineers Manual No. 45 describes the percentage of construction cost method of compensation. The curves indicated in the ASCE Manual will be used as a guide to the maximum cost allowable. While the State may use this as a method of determining the amount of funds allowed to a city/county grantee, the grantee may not use these curves as the only basis for determining the compensation of an engineering firm. DED suggests using either a cost plus a fixed fee, with a maximum amount, or a lump sum, as described in the ASCE manual. DED will pay for engineering design and inspection on CDBG construction monies only.

TABLE A (below) indicates projects of an above-average complexity, which includes water treatment plants, complex bridges, pumping stations, intercepting and relief sewers, sanitary sewer lines under 24 inches diameter, and water distribution lines under 16 inches diameter.

TABLE B (below) indicates projects of average complexity, which include conventional bridges, roads and streets, storm sewers and drains, sanitary sewers 24 inches and larger diameter, and water distribution lines 16 inches and larger diameter.

| NET CONSTRUCTION COST | TABLE A % | TABLE B % |
|-----------------------|-----------|-----------|
| \$ 40,000 | 13.67 | 10.27 |
| 50,000 | 13.22 | 9.99 |
| 60,000 | 12.76 | 9.71 |
| 70,000 | 12.43 | 9.52 |
| 80,000 | 12.10 | 9.32 |
| 90,000 | 11.87 | 9.17 |
| 100,000 | 11.63 | 9.01 |
| 150,000 | 10.44 | 8.56 |
| 200,000 | 10.25 | 8.11 |
| 250,000 | 9.85 | 7.85 |
| 300,000 | 9.45 | 7.59 |
| 350,000 | 9.18 | 7.42 |
| 400,000 | 8.91 | 7.24 |
| 450,000 | 8.72 | 7.12 |
| 500,000 | 8.52 | 7.00 |
| 550,000 | 8.38 | 6.90 |
| 600,000 | 8.24 | 6.80 |

- 1) **Construction Inspection:** Construction inspection costs will be limited to a maximum 75% of CDBG-funded engineering design costs.
- 2) **Architect Fees:** The American Institute of Architects suggest 10% of construction costs as the fee for architectural design. Inspection then may be computed as 75% of design.
- 3) **Administration:** For the purpose of budgeting an application, applicants may not propose more than amounts in the following chart:

| CDBG APPLICATION CATEGORY | ADMINISTRATION BUDGET ALLOWANCES |
|-------------------------------------|--|
| Water/Wastewater | \$10,000 plus 3% of the amount of the CDBG proposed for water wastewater activities |
| Architectural Barrier Removal (ADA) | \$10,000 plus 3% of the amount of the CDBG proposed for ADA activities |
| Community Facility | \$10,000 plus 3% of the amount of the CDBG proposed for the Community facility activities |
| Bridge, Street, and Drainage | \$10,000 plus 3% of the amount of the CDBG proposed for the bridge, street, drainage activities |
| Innovative | \$10,000 plus 3% of the amount of the CDBG proposed for the innovative activities |
| Neighborhood Development | \$10,000 plus 6% of the amount of the CDBG proposed for housing activities and 3% of the CDBG proposed for public facilities |
| Downtown Revitalization | \$10,000 plus 1 % of the amount of the CDBG proposed for downtown public improvements |
| Microenterprise | \$5,000 plus 3% of the CDBG request, and up to 3% annually of all funds repaid through loan payments |
| Rural Affordable Housing RFP | Not to exceed \$3,000 in CDBG funds |
| Open Cycle Housing | Not to exceed \$10,000 plus 3% of the amount of CDBG proposed |
| Engineering Feasibility | Not to exceed \$1,500 in CDBG funds |
| Engineering Plans & Specifications | Not to exceed \$1,500 in CDBG funds |

Administrative line items include all publishing fees, all rehabilitation management, etc. Therefore, grantees should not contract for the total administrative amount unless the administrator is to pay for all such items or the grantee has agreed to pay for such items. Audit costs are budgeted separately from administrative costs. Also, applicants should not budget for a cultural resource survey. (The maximum amount of CDBG funds allowable for clearance of Historic Preservation requirements is \$5,000. These monies will be awarded as a grant increase once services are procured and amount needed is known.)

- 5) **Rehabilitation Inspection/Relocation Management:** Rehabilitation inspection is limited to \$850, and demolition inspection and relocation management are limited to \$425 per unit.

If pre-selection is not a desire of the community then procurement information will be provided following award.

STEP 5 - COMPLETE PROJECT BUDGET PACKAGE

Determine the ability of the community to finance the priority needs using surplus or reserve funds, capital improvement funds, or debt. The maximum amount of local funds should be used to finance a project before CDBG assistance is requested.

All other funding sources applicable to the project should be pursued prior to requesting CDBG assistance. Actual approval of the other funding must have been gained by the time a CDBG application is submitted if requesting FY-04 funds. The only exception is a bond election or tax credit donation.

Community Facility applicants proposing or in the process of securing USDA/Rural Development loan and/or grant funds may submit an application indicating the proposed funds in the budget page. If the project is selected for funding from CDBG, the award will be made on a contingent basis only. The applicant would have 180 days to secure the USDA Rural Development funds in order to eliminate the contingent status of CDBG funds. This contingent option is only available for USDA/Rural Development funding.

Local Funds for Private Purposes: State law does not allow political subdivisions to provide funds from their resources for private purposes (such as housing rehabilitation); however, this would not apply to the administrative or oversight functions of such activities.

Other Public Facility/Public Project Funding Sources: Applicants generally may not use CDBG funds to replace funds from another agency or other sources that are available for a project. All applicable state or federal programs must be considered for feasibility by the applicant prior to requesting CDBG funds. Such other sources for public facilities include, but are not limited to:

- (1) USDA, Rural Development
- (2) Missouri Department of Natural Resources (DNR)
- (3) Missouri Department of Transportation (MoDOT), Bridge Replacement and Rehabilitation Program.
- (4) Missouri DNR, Division of Parks and Historic Preservation, Land and Water Conservation Fund (LWCF).
- (5) Tax Credit Programs
- (6) Private Foundations
- (7) Federal Home Loan Bank

STEP 6 – CONDUCT PUBLIC HEARING

Eligible Dates: A public hearing must be held prior to the submission of an application. This must be at least 15 full days or not more than six months prior to any applicable application deadline. For open cycle categories the 15 day rule does not apply. The applicant must publish a notice in a local newspaper at least 5 full days prior to the hearing. A standard format must be used for the notice, and a record of the proceedings of the hearing must be made.

Citizen Participation: All applicants for and recipients of Community Development Block Grant funds shall be required to conduct all aspects of the CDBG program in an open manner with access to records on the proposed and actual use of funds for all interested persons. All records of applications must be kept at the applicant's office and be available during normal working hours. Any activity of the CDBG program, with the exception of confidential matters relating to the housing rehabilitation, shall be open to examination by all citizens.

The applicant must provide technical assistance at the level of expertise available at City Hall to groups representative of persons of low and moderate income that request such assistance in developing proposals. All application materials and instructions shall be provided at no cost to any such group requesting same.

Citizens shall be provided adequate and timely information, so as to enable them to be meaningfully involved in important decisions at the various stages of the program including: (1) the development of needs, (2) the review of the proposed activities, and (3) review of past program performance, in the following manner:

- 1) At least one public hearing shall be held prior to an application being submitted. This hearing shall be scheduled at a time and location felt to be most likely to make it possible for the majority of interested citizens to attend without undue inconvenience. The hearing must address the development of the needs and review of the proposed activities. The hearing shall be held no less than 15 full days * (or more than six months) prior to the deadline. (The fifteen day rule does not apply to open cycle categories)
- 2) Notification of any and all hearings shall be given a minimum of five full days* in advance to allow citizens the opportunity to schedule attendance. Notification shall be in the form of display-type advertisements. The community may choose to:
 - a. advertise in a local newspaper of widest circulation,
 - b. post advertisement in areas providing the largest access to the public, or
 - c. both a and b.
- 3) All hearings must be held in a facility that is accessible to people with disabilities.

Note: Provisions for interpretation shall be made available at all public hearings for non-English speaking residents, if 15% or more of such residents are expected to be in attendance.

* For the purpose of this process, "full days" is defined as neither day being counted on either end of the time period (i.e., fifteen full days before application deadline would actually be seventeen days and five full days before public hearing would actually be seven days since beginning and ending days cannot be counted.)

Public Hearing Notice Requirements: As stated above, the public hearing must address the development of the applicant's community development needs and proposed activities to be contained in the application. Minutes of all public hearings should be maintained indicating topics covered in order to document grant requirements. The newspaper notice must include the following information:

- (a) The city/county intends to submit an application for CDBG funds
- (b) The maximum grant amount.
- (c) The type of activities that may be undertaken include the improvement of public works, public facilities, housing rehabilitation, and others as allowed by law.
- (d) National objective must be stated.
- (e) There will be minimization of displacement of persons resulting from the project, and assistance to any displaced persons would be provided according to the Uniform Relocation and Real Property Acquisition Act of 1970 as amended, Section 104(d), Section 104(k), or Section 105(a)(11) of the Title I Act.
- (f) The city/county is soliciting citizen input on the entity's on-going community development needs.
- (g) Description of proposed project for which the city/county is applying.
- (h) Total estimated project cost, including amount being applied for, other state/federal funds, local contribution proposed, etc.
- (i) Specific location of project, either community-wide or boundaries (by name) of target area.
- (j) Percent of low/moderate income benefit of the proposed project (if known), or at least 51%.
- (k) Encouragement of area residents to attend.

(SAMPLE)
PUBLIC HEARING NOTICE

The City of Anytown will hold a public hearing on January 3, 2004, 7:00 p.m. at City Hall to discuss the city's submission of an application for the fiscal year 2004 Community Development Block Grant (CDBG) program. The city is interested in obtaining all citizens' input on community development needs within the city. As part of the hearing process citizens will be asked to verbally assist in the completion of a Needs Assessment document. The document will detail what the residents feel are the strengths and weaknesses of the community. The city needs as much local participation as possible in order to reflect the true desires of the community as a whole, as well as the comments relating to the proposed project application. The State has established a maximum application request for each funding category. Activities that are eligible for funding include the improvement of public works, public facilities, housing rehabilitation, and others allowed by law. At least 51% of the funds must be used to benefit low-and-moderate income persons. No displacement of persons will be proposed.

The city is proposing to replace some sewer lines, and install some new sewer lines and lift station in the southeast part of the city. The area to be addressed is bounded by Main Street on the east, Gordon Street on the west, BN Railroad on the north, and City Limits on the south. The total project cost is estimated at \$322,000. The city proposes to contribute \$48,000 in cash, \$45,000 in-kind labor by city crews, with grant funds of \$229,000 needed to make up the balance. The project, if funded, will benefit 57% low/moderate income persons. All citizens, including those in the targeted area, are encouraged to attend in order to comment on the proposed activities.

For more information on the proposed project, contact Jane Doe at 314/888-8888.

STEP 7 - DISCUSS PROJECT WITH CDBG STAFF

This step is optional for the applicant. The CDBG staff is available to discuss any questions that a community or grant writer may have regarding the proposed project and/or the application.

Since our rating systems do not allow for the Field Representative to rate applications that fall within their respective field area, they may provide as much technical assistance to the community as needed.

Often, a Field Representative can provide a perspective that as a project rater, communities may miss and important points may be left out of an application. At the same time, the Field Representatives can offer specific answers regarding what exact information must be supplied on any particular document.

STEP 8 - COMPLETE AND SUBMIT APPLICATION

1. Submit:

- ◆ One typewritten original of application
- ◆ One copy of the entire application (for a total of two complete applications)
- ◆ Two copies of the **engineering report** or **architectural plans** (if public facility/public project activities are proposed)
- ◆ Three additional copies of Form A (all three pages), postmarked by the application deadline, to:

CDBG Program
Missouri Department of Economic Development
P.O. Box 118
301 W. High Street
Jefferson City, MO 65102

Note: No applications, except those submitted under the March 15, 2004 Community Facilities competition, will be accepted prior to the start of the next program year. Thursday, April 1, 2004, is the start of our program year. No application with a competitive deadline date will be accepted more than 15 days prior to the established deadline date. Any applications not following this procedure will be returned.

We suggest that you mail the application by certified mail, return receipt. Otherwise, call (573) 751-3600 a few days after you have mailed the application to be sure it was received. Engineering reports and architectural plans are due at the same time as the application.

2. Late Information: Applications postmarked after the competitive application deadline will be rejected. Also, no additional information or corrections may be made after the application deadline, unless requested by DED for clarification.
3. Format: Each copy of the application should be stapled along the left side. Please do not use special bindings or report covers. One entire application, including all signatures, must be original. Please mark accordingly.

APPLICATION CONTENT CHECKLIST

4. **Order of Application:** The application must include the following documents (in this order).

- ☐ Form A Project Profile
- ☐ Form B Cost Summary
- ☐ Form C Local Effort (Attach copy of financial statement)
- ☐ Form D Minimum Requirement and Maximum Limits
- ☐ Form E Professional Services
- ☐ Form F Housing Activities, if applicable
- ☐ Form G Narratives (both Public Facilities and Housing, if applicable)
- ☐ Form H Civil Rights
- ☐ Form I Public Participation Needs Assessment form, and supporting documentation requested
- ☐ Form J Statement of Assurances
- ☐ Form K Resolution
- ☐ Form L(a) Applicant Certification on Lobbying Restrictions
- ☐ Form L(b) Sub-Applicant Certification on Lobbying Restrictions
- ☐ Form M Supplemental Section 3 Utilization Statement (if CDBG request exceeds \$200,000)
- ☐ Form N Antidisplacement and Relocation Plan
- ☐ Form O(a) Fair Housing Ordinance For Cities
- ☐ Form O(b) Fair Housing Resolution For Counties
- ☐ Form P Excessive Force Resolution
- ☐ Form Q (a) Applicant Disclosure Report
- ☐ Form Q(b) Sub-Applicant Disclosure Report
- ☐ Form R LMI Survey Instrument
- ☐ Form R(h) LMI Survey Instrument for Neighborhood Development Projects
- ☐ Form S LMI Survey Tabulation Sheet
- ☐ Form T (PFP) Participation Agreement for Private, For-Profit Cash Contributions
- ☐ Form T (NFP) Participation Agreement for for Not-for-Profit Cash Contributions
- ☐ Form T (In-kind) Participation Agreement for Non-Cash In-Kind contributions
- ☐ Map*
- ☐ Intergovernmental Agreement (executed), if applicable
- ☐ Letters of Commitment, if applicable, must be attached from all other Federal and State funding sources involved. Neighborhood Development projects must include letters of commitment from landlords and private property owners who pay rehab. or demolition costs.
- ☐ Proof of Status for not-for profit organization.
- ☐ SHPO clearance letter or Memorandum of Agreement for all ADA projects.
- ☐ Notice of Successful bond election.
- ☐ Engineering Report/Architectural plans
- ☐ Housing Market Study, if applicable

Please do **not** include letters of support from state or federal agencies, local organizations, or individuals unless needed for documenting rating issues. The “Strategy” narrative may cite specific documents of support held by the applicant.


* **Map:** A map showing the specific location of proposed public facility/public project improvements and/or the housing target area must be included in each copy of the application. For public facility/public project activities, the map must include as much **detail** as possible, showing the location of specific improvements proposed. The plans included by the engineer and architect must show detailed specifics about the project and may require additional maps.

Applicants proposing housing activities in neighborhood development and innovative applications must identify houses on a map in accordance with the codes identified below. The following must be identified on a map.

Target Neighborhood Development Projects: Applicants must identify and survey all buildings within the targeted area on the map and code each and every building, with the exception of accessory buildings, such as a garage. Use the coding designations below.

Demolition Only Neighborhood Development Projects: Applicants must identify and code all vacant structures, regardless of condition, and all dilapidated structures, regardless of occupancy. All such structures within the jurisdiction of the applicant must be identified on the map.

Housing Projects with New Housing Construction or Demolition: Applicants must identify the location of all eligible structures to be assisted on a map and code all existing structures according to the following codes.

| Code | Description | Definition |
|---|--|---|
| A | Standard Residential Unit | <i>Costs to meet DED HQS is less than \$1,000</i> |
| B | Moderately Deteriorated Residential Unit | <i>One or more defects, costs to meet DED HQS < \$10,000</i> |
| C | Severely Deteriorated Residential Unit | <i>Two or more defects, costs to meet DED HQS > \$10,000</i> |
| D | Dilapidated | <i>Cost to meet DED Health and Safety HQS > \$15/sq ft. or \$15000</i> |
| F | No Foundation | <i>Houses originally built without continuous foundation</i> |
| K | Children | <i>Unit occupied by children 6 years of age or less</i> |
| N | Non-LMI household/Councilmen | <i>Ineligible household including non-LMI households or elected officials</i> |
| R | Rental Property | <i>Not owned by an immediate family member of the</i> |
| X | Unoccupied Unit | <i>Must be unoccupied for at least 6 months of the year</i> |
| Z | Non-Residential building | <i>Church, school, business, factory, etc.</i> |
| 2,3,4 | Number of Units in building | <i>Number of units in the building with the characteristics</i> |
|  | Target House | <i>For scattered site applications put a circle around houses with the selected characteristic not identified above</i> |

Examples of codes for building include the following:

DX - Dilapidated unoccupied unit

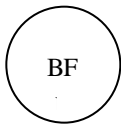
DXF – Dilapidated unoccupied manufactured house without a continuous foundation

CRK – A severely deteriorated rental house occupied by a child six years of age or less

ZX – Unoccupied commercial building

CR2X- Unoccupied severely deteriorated rental duplex

BF-A moderately deteriorated unit without a continuous foundation



A moderately deteriorated unit without a continuous foundation with a targeted characteristic in a Scattered site project

Defects are defined as:

- ◆ Roofing
- ◆ Foundation
- ◆ Wiring/electrical
- ◆ Gutters/drainage
- ◆ Siding
- ◆ Windows/doors
- ◆ Flues
- ◆ Flooring
- ◆ Plumbing/septic/service lines
- ◆ Heating system
- ◆ Weatherization (storm windows/doors & insulation)
- ◆ Kitchen space (adequate counter space for food prep)
- ◆ Kitchen appliances (safely functioning stove and refrigerator).
- ◆ Ceilings
- ◆ Bathroom fixtures
- ◆ Physical disability

Application Selection Criteria

Applications that meet the eligibility requirements of the program will be rated and ranked based on the selection criteria in comparison to the other projects submitted. The selection criteria for public facility/public projects and neighborhood development projects are listed below.

Note the threshold requirement of 65 points or greater for all applications received under non-competitive categories. Non-competitive category applications will be reviewed and rated as they are received. If an application does not gain 65 points but represents a strong project (points were deducted for missing paperwork or objective scoring) DED reserves the right to allow the applicant the opportunity to correct the scoring prior to the review of the next application in line.

If funds in any open cycle category are exhausted, all remaining applications will be returned and no more will be accepted until the next fiscal year. Applications submitted under competitive categories will not be returned.

All project categories are rated on a 100-point scoring system. The selection criteria are based on need, project impact, local effort, and past efforts to address need.

General Definitions:

NEED refers to the extent to which adequate documentation supports the actual demand.

IMPACT refers to the extent to which the project impacts a significant portion of the population defined in need.

LOCAL EFFORT measures the extent to which local support is offered to the project as compared to what is available to offer.

PAST EFFORTS are defined as all previous actions taken by the applicant to address the need.

HEALTH AND SAFETY measures the relationship between actual existing or the likeliness of the potential of physical harm to the population defined in the need. Third party documentation rather than general statements enhances the scoring in this category.

STRATEGY is the extent to which the method chosen to fix the problem represents the most efficient and effective solution while maintaining a direct relationship to solving the need. A clear, fair representation of examination of alternatives leading to the final strategy chosen is requested with each application.

COST EFFECTIVENESS is measured as the extent the applicant has undertaken to evaluate the best possible cost for the result. This measure is often calculated as cost per beneficiary from total project costs and cost per beneficiary from CDBG costs only.

OPERATION AND MAINTENANCE is measured by the actual documented process for which a budget, experienced personnel, and written plan are available and provided in the application.

PROJECT READINESS is measured by the actual upfront administrative work completed that provided the ability of the project to begin immediately after award.

LEVERAGING is defined as the percentage of local funds dedicated to the project in relation to what the applicant's budget/financial statement shows.

IN-KIND CONTRIBUTION is defined as the non-cash local effort that is committed to the project by the applicant. A clear indication of value for labor and equipment should be included to substantiate the total amount offered.

USE is defined as the volume and frequency of use by the population benefiting from the project.

REPETITIVE PROPERTY DAMAGE is the actual number of times and the frequency (can be last 10 years) that damage has occurred.

COMMUNITY/PROJECT VIABILITY refers to the community's livability and ability to develop under favorable conditions. The project must contribute by positively impacting the conditions that allow development.

MEASURABLE OUTCOMES OR GOALS is the degree to which the applicant has the ability to measure the impact and success. The need, strategy, and goals and ways to measure success should be intertwined and clearly represented in the application.

ENVIRONMENTAL IMPACT is the degree to which the problem on need has a documented negative impact on the environment. Environment takes a broad definition that includes all of the issues related to the NEPA process.

TMF NEED stands for local need for technical, managerial, and financial capacity related to the operation of a water and wastewater system

TMF CAPACITY INCREASE is the extent to which the project will naturally cause an increase in the technical, managerial, and financial capacity related to the operation of a water or wastewater system.

FUTURE SUSTAINABILITY is the likelihood that the project will be functional and operational well into the future and will perpetuate its own growth.

Americans with Disabilities Act (ADA) Projects:

1) Need (35 points)

- 0-09 pts – Population of Disabled and Elderly Persons
- 0-09 pts – Number of Floors Requiring Public Access
- 0-09 pts – Number of Activities Conducted in Facility
- 0-08 pts – Health and Safety

2) Impact (35 points)

- 0-10 pts – Strategy
- 0-10 pts – Cost Effectiveness
- 0-10 pts – Operation and Maintenance
- 0-05 pts – Project Readiness

3) Local Effort (25 points)

- 0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant's budget/financial statement shows available.
- 0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.
- 0-05 pts – In Kind Contribution: Points are awarded to applicants committing in-kind or non-cash related services to the project.

4) Past Efforts (5 points)

- 0-05 pts – Past efforts are defined as all previous actions taken by the applicant to address the need.

Bridge, Street, and Drainage Projects:

1) Need (35 points)

- 0-10 pts – Health and Safety
- 0-09 pts – Use
- 0-08 pts – Repetitive Property Damage
- 0-04 pts – Community/Project Viability
- 0-04 pts – Environmental Impact

2) Impact (35 points)

- 0-10 pts – Strategy
- 0-10 pts – Cost Effectiveness
- 0-10 pts – Operation and Maintenance
- 0-05 pts – Project Readiness

3) Local Effort (25 points)

- 0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant's budget/financial statement shows available.

0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.

0-05 pts – In Kind Contribution: Points are awarded to applicants committing in-kind or non-cash related services to the project.

4) Past Efforts (5 points)

0-05 pts – Past efforts are defined as all previous actions taken by the applicant to address the need.

Community Facility Projects:

1) Need (35 points)

0-07 pts – Health and Safety

0-07 pts – Education/Training

0-07 pts – Lack of Existing Facility

0-06 pts – Number of Potential Users

0-04 pts – Community/Project Viability

0-04 pts – Measurable Outcomes or Goals

2) Impact (35 points)

0-10 pts – Strategy

0-10 pts – Cost Effectiveness

0-10 pts – Operation and Maintenance

0-05 pts – Project Readiness

3) Local Effort (25 points)

0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant's budget/financial statement shows available.

0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.

0-05 pts – In Kind Contribution: Points are awarded to applicants committing in-kind or non-cash related services to the project.

4) Past Efforts (5 points)

0-05 pts – Past efforts are defined as all previous actions taken by the applicant to address the need.

Downtown Revitalization Projects

1) Need (35 points)

0-07 pts – Physical Revitalization Need (poor sidewalks, drainage, etc.)

0-07 pts – Value of revitalization plan (realistic, attainable goals, comprehensive, specific)

0-07 pts – Parking/Accessibility

0-07 pts – # of businesses in Revitalization Area

0-07 pts – # of persons employed in Revitalization Area

2) Impact (35 points)

0-06 pts – Design guidelines and implementation

0-06 pts – Effective Marketing Plans (for both vacant buildings and customer attraction)

0-06 pts – Downtown organization capacity/business participation

0-06 pts – Relationship of Project to Revitalization Plan

0-06 pts – Cost effectiveness

0-05 pts – Project Readiness

3) Local Effort (25 points)

- 0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant’s budget/financial statement shows available.
- 0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.
- 0-05 pts – In Kind Contribution: Points are awarded to applicants committing in-kind or non-cash related services to the project.

4) Past Efforts (5 points)

- 0-05 pts – Past efforts are defined as all previous actions taken by the applicant to address the need.

Innovative Projects:

1) Need (35 points)

- 0-07 pts – Health and Safety
- 0-07 pts – Number of Persons Impacted
- 0-07 pts – Documentation of Problem
- 0-07 pts – Community/Project Viability
- 0-07 pts – Measurable Outcomes or Goals

2) Impact (35 points)

- 0-10 pts – Strategy
- 0-10 pts – Cost Effectiveness
- 0-10 pts – Operation and Maintenance
- 0-05 pts – Project Readiness

3) Local Effort (25 points)

- 0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant’s budget/financial statement shows available.
- 0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.
- 0-05 pts – In Kind Contribution: Points are awarded to applicants committing in-kind or non-cash related services to the project.

4) Past Efforts (5 points)

- 0-05 pts – Past efforts are defined as all previous actions taken by the applicant to address the need.

Microenterprise Projects:

1) Need (36 points)

- 0-09 pts – Area to be served LMI percentage
- 0-10 pts – Area unemployment
- 0-07 pts – Other demographic needs
- 0-10 pts – Demand (Local lending institution denials, identified loans, loans with the SBA)

2) Impact (54 points)

- 0-12 pts – Strategy
- 0-06 pts – Cost effectiveness
- 0-12 pts – Operation and long term maintenance
- 0-12 pts – Educational component – organization and implementation
- 0-12 pts – Timeliness of overall implementation.

3) Local Effort (10 points):

- 0-07 pts – Other agency funds
- 0-03 pts – In-kind (administration)

Neighborhood Development Target Area Rehabilitation Projects:

1) Housing Need and Impact (40 points)

0-10 pts – Percent LMI homes in target area

0-10 pts – Percent of deteriorated homes in target area $(B+C+D/A+B+C+D)$

0-10 pts – Percent of severely deteriorated (C) units compared to total B&C units $(C/B+C)$

0-10 pts – Percent of rehabs, demolitions, and new constructions proposed, compared to total deficient B,C, & D units $(2A + 2B + 2E/B+C+D)$

2) Public Facility Need (10 points)

0-03 pts – Priority of Cause of Need

0-04 pts – Health and Safety

0-02 pts – Property damage

0-01 pts – Environmental Damage

3) Public Facility Impact (10 points)

0-04 pts – Strategy

0-03 pts – Operation and Maintenance

0-03 pts – Cost Effectiveness

4) Housing Leveraging (10 or 15 points) 15 points if housing only. 10 points if public facility included. Goal of \$1,000 per unit addressed with CDBG funds

5) Public Facility Leveraging (5 points)

0-02 pts – Committed unencumbered funds in financial statements (only cash match)

0-03 pts – Percentage of total cost leveraged

6) Strategy (25 points)

0-12 pts – Project readiness; ready to start and capacity to complete

0-03 pts – All targeted area deficiencies met by project

0-07 pts – Interest of owners, planning and code enforcement

0-03 pts – Quality

For housing-only projects where public facility activities are not proposed with CDBG or local funds, items numbered 2) and 3) above will not be scored and the remaining scores will be multiplied by 1.25.

Neighborhood Development Demolition Only Projects:

1) Need and Impact (45 points)

0-20 pts – Number of units proposed compared to total dilapidated units, both occupied and vacant

0-20 pts – Number of units proposed compared to the total number of vacant dilapidated units

0-05 pts – Number of units proposed as a percent of total vacant units $(AX+BX+CX+DX)$

2) Community Assets/Efforts (10 points)

0-04 pts – Clean up activities by community

0-02 pts – Past organizational participation by not-for-profits and other private sources

0-04 pts – Future maintenance plan (long term)

3) Leveraging (15 points)

0-15pts - \$1,000 cash or in-kind match for each unit proposed for demolition

4) Strategy (30 points)

0-10 pts – Interest of applicant and property owners; code enforcement

- 0-05 pts – Demolition need vs. other strategies
- 0-10 pts – Project readiness; ready to start/capacity to complete
- 0-05 pts – Size/cost/hazardous waste (especially asbestos) identified

Rural Affordable Housing RFP projects:

- 1) Need (25 points)**
 - 0-15 pts – Documentation of need
 - 0-05 pts – Rural, under-served (distressed) area
 - 0-05 pts – Economic Development growth area
- 2) Impact (45 points)**
 - 0-05 pts – Market study
 - 0-05 pts – Cost-burdened households
 - 0-05 pts – Overcrowded households
 - 0-05 pts – Households with physical defects
 - 0-05 pts – Local community plan
 - 0-05 pts – Reasonable costs
 - 0-05 pts – Site control
 - 0-10 pts – CDBG subsidy structured in fair manner
- 3) Strategy (30 points)**
 - 0-05 pts – Creates single-family units with homeownership component
 - 0-05 pts – Redevelop blighted existing complexes or historic structures
 - 0-05 pts – Includes community facility/services
 - 0-05 pts – Includes local partners
 - 0-05 pts – Supported by experienced development team
 - 0-05 pts – Past performance record

Open Cycle Housing Projects:

- 1) Need (35 points)**
 - 0-12 pts – Documentation of need for specific type of affordable housing
 - 0-05 pts – Low vacancy rate or shortage of specific type of housing documented
 - 0-12 pts – Housing demand study/market study summary and data
 - 0-02 pts – Homebuyers prequalified by mortgage lenders
 - 0-02 pts – Homeless population adequately documented
 - 0-02 pts – Scattered-site housing need adequately documented
- 2) Impact (40 points)**
 - 0-07 pts – Number of units created
 - 0-07 pts – 30% or less of median monthly income/mortgage or rent payment
 - 0-07 pts – Supportive services
 - 0-12 pts – Project readiness
 - 0-07 pts – Implementation strategy and project timeline
- 3) Leveraging (25 points)**
 - 0-15 pts – Local cash match (or other entity cash matching funds)
 - 0-10 pts – In-kind match

Water and Wastewater Projects:

- 1) Need (35 points)**

- 0-12 pts – Health and Safety
- 0-10 pts – Environmental Damage
- 0-06 pts – Community/Project Viability
- 0-04 pts – Property Damage

A maximum of three (3) points will be distributed to projects representing these priorities:

- Lack of existing needed facility (3 points): Needed facility represents elimination of a threat and safety and at the same time is offered to a community that has the TMF capacity to own it.
- System Failure (3 points): Not related to poor operation and maintenance; failure proven to the degree of documentation – DNR support.
- Obsolescence of an existing facility—not defined as “design life” (2 points): Asbestos pipe, lead, radionuclides
- Regulatory requirements which mandate improvements (2 points): Differentiate between abatement orders versus abatement due to poor operation and maintenance.
- Natural or manmade disaster (2 points): Defining manmade to include pollution or contamination, not poor operation and maintenance.
- Improper design of existing facility (1 point): Definition must include what it is causing.
- Significant and unexpected growth (1 point): Economic development driven, regionalization, government driven.
- Comprehensive, strategic, or capital improvement plan (2 points)
- Inherent social/economic factors (2 points): Unemployment, age, LMI.
- Potential or anticipated growth (0 points)
- Improper maintenance (0 points)

2) Impact (35 points)

- 0-10 pts – Strategy
- 0-10 pts – Cost Effectiveness
- 0-10 pts – Operation and Maintenance
- 0-05 pts – Project Readiness

3) Local Effort (25 points)

- 0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant’s budget/financial statement shows available.
- 0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.
- 0-05 pts – In Kind Contribution: Points are awarded to applicants committing in-kind or non-cash related services to the project.

4) Past Efforts (5 points)

- 0-05 pts – Past efforts are defined as all previous actions taken by the applicant to address the need.

Engineering Feasibility Study Projects:

1) Need (35 points)

- 0-12 pts – Health and safety
- 0-06 pts – Environment
- 0-05 pts – Property damage
- 0-12 pts – TMF need

2) Project Impact (35 points)

- 0-08 pts – Strategy
- 0-09 pts – TMF capacity increase

0-09 pts – Number of users affected

0-09 pts – Future sustainability

3) Local Effort (25 points)

0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant's budget/financial statement shows available.

0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.

0-05 pts – Public awareness/opinion and in-kind

4) Past Efforts (5 points)

0-05 pts – Past efforts are defined as all previous actions taken by the applicant to address the need.

Engineering Facility Plan/Plans and Specs

1) Need (35 points)

- 0-12 pts – Health and safety
- 0-06 pts – Environment
- 0-05 pts – Property damage
- 0-12 pts – Urgency (placement on the IUP)

2) Impact (35 points)

- 0-08 pts – Number of beneficiaries
- 0-11 pts – Timeline established
- 0-07 pts – Future sustainability
- 0-09 pts – Unserved population (expansion)

3) Local Effort (30 points)

- 0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant's budget/financial statement shows available.
- 0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.
- 0-10 pts – TMF and in-kind

Application Deficiency List

The following is a list of deficiencies and the points associated with each. If any of the following items apply to the application submitted, the number of points indicated for each item will be deducted from the rating score.

- 5 pts - Public hearing notice not published or less than five full days notice given for hearing (first and last day of publication are not included in the five-day period; therefore, seven days are necessary).
- 5 pts - Housing less than 40% of project or more than \$500,000, excluding administration, legal, audit.
- 5 pts - Hearing held less than 15 full days or more than 6 months before application deadline.
- 5 pts - Application should have been multi-jurisdictional and applicant failed to address.
- 5 pts - Past Performance
- 5 pts - Neighborhood Development target area boundary does not meet the requirements
- 5 pts - Required home maintenance and homeownership counseling not included
- 5 pts - Past Neighborhood development area not well maintained as determined by site visit

The following is a list of ineligible deficiencies. If any of the following items are found in the application, the application is automatically ineligible.

- National Objective not met.
- Requested more than the application maximum.
- LMI determination incorrect, i.e., used census when should have surveyed; did not survey 100% of beneficiaries, census data did not fit project, 80% return rate not obtained, etc.
- Household maximums exceeded.
- More than one public facility applied for in an application, with the exception of the bridge, street, or drainage category or Neighborhood Development-Targeted Area.
- Wrong applicant.
- More than engineering design requested in Engineering Plan and Specs application
- Application submitted to wrong category

Any document missing as listed, or any incomplete document submitted shall receive the following point deductions. "Incomplete" is defined as information that cannot be ascertained from any other part of the application.

- 1 pt Form A – Project Profile
- 5 pts Form B – Cost Summary
- 5 pts Form C – Local Effort (Attach copy of financial statement)
- 5 pts Form D – Minimum Requirements and Maximum Limits
- 1 pt Form E – Professional Service
- 5 pts Form F – Housing Activities, if applicable
- 5 pts Form G – Narratives (both Public Facilities and Housing, if applicable)
- 1 pt Form H – Civil Rights
- 5 pts Form I – Public Participation and the Needs Assessment, and supporting documentation requested.
- 1 pt Form J – Statement of Assurances
- 5 pts Form K – Resolution
- 1 pt Form L(a) – Applicant Certifications on Lobbying Restrictions
- 1 pt Form L(b) – Sub-applicant Certification on Lobbying Restrictions (if applicable)
- 1 pt Form M – Supplemental Section 3 Utilization Statement, if request exceeds \$200,000
- 1 pt Form N – Antidisplacement and Relocation Plan

- 1 pt Form O(a) – Fair Housing Ordinance For Cities
- 1 pt Form O(b) – Fair Housing Resolution For Counties
- 1 pt Form P – Excessive Force Resolution
- 1 pt Form Q (a) – Applicant Disclosure Report
- 1 pt Form Q(b) – Sub-Applicant Disclosure Report
- 3 pt Form R – LMI Survey Instrument
- 3 pt Form R(h) – LMI Survey Instrument for Neighborhood Development Projects
- 3 pt Form S – LMI Survey Tabulation Sheet
- 5 pts Form T (PFP) – Participation Agreement for Private, For-Profit Cash Contributions
- 5 pts Form T (NFP) – Participation Agreement for for Not-for-Profit Cash Contributions
- 5 pts Form T (In-kind) – Participation Agreement for Non-Cash In-Kind contributions
- 5 pts Map
- 5 pts Intergovernmental Agreement (executed), if applicable
- 5 pts Letters of Commitment (must be attached from all other Federal and State funding sources involved. Neighborhood Development projects must include letters of commitment from landlords and private property owners who pay rehab and demolition costs.
- 5 pts Proof of Status for Not-for-profit organization
- 5 pts Failure to provide preliminary engineering report/Architectural plans
- 5 pts Failure to provide housing need or market study, if applicable